

SP-052

Reports and Testimony: May 1990

Highlights

Battleship Explosion

New evidence indicating that an accident could have caused last year's gun turret blast that killed 47 USS Iowa sailors challenges the Navy's controversial blame on a detonator planted by a suicidal seaman. Page 51.

FDA Drug Review

The Food and Drug Administration withdrew or substantially relabeled more than half of the prescription drugs it approved for marketing between 1975-85 because they produced serious side effects not detected in preapproval testing. Page 21.

Peace Corps

With 6,300 volunteers—well below its authorized strength—the Peace Corps enters its fourth decade facing serious problems in recruiting, assigning, and keeping volunteers for their full two-year terms. Page 33.

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Agriculture and Food

Federal Agricultural Mortgage Corporation: Secondary Market Development and Risk Implications

GAO/RCED-90-118, May 4.

This report consolidates information GAO has reported since 1987 on the development and implementation of a new secondary market for agricultural real estate and rural housing loans—the Federal Agricultural Mortgage Corporation, known as Farmer Mac. GAO focuses on issues that it believes merit further consideration as Congress deliberates the development and implementation of Farmer Mac. In particular, GAO discusses the potential financial risk to the government in creating such a market and whether Farmer Mac's loan criteria, market structure, and risk parameters will satisfy the broad expectations that Congress had when it passed the enabling legislation. This report contains information on (1) secondary markets in general, including the purposes such markets have served in the past; (2) underwriting in general, and risk management in other secondary markets; (3) major categories of underwriting standards used in secondary markets; (4) key issues concerning the development of a secondary market for agricultural real estate and rural housing loans; and (5) key issues concerning Farmer Mac underwriting standards.

Testimony

Analysis of Crop Insurance Proposals H.R. 4360 and H.R. 4592, by John W. Harman, Director of Food and Agriculture Issues, before the Subcommittee on Conservation, Credit, and Rural Development, House Committee on Agriculture. GAO/T-RCED-90-76, May 1.

In its testimony on federal crop insurance reform, GAO discussed how two bills now before Congress—H.R. 4360 and H.R. 4592—meet eight criteria for assessing the federal role in providing disaster assistance. These criteria were first listed in a September 1989 GAO report. Both pieces of legislation strongly rely on federal money for premium subsidies and the payment of excess losses but rely on private companies to deliver services. GAO believes that legislative proposals that involve a mixed private/public system require a strong federal regulatory, oversight, and audit function to ensure program integrity and to protect the government's financial interest. In particular, GAO believes that H.R. 4592 requires stronger federal oversight.

Budget and Spending

Budget Issues:

Human Resource Programs Warranting Consideration as Human Capital

GAO/AFMD-90-52, Apr. 30.

GAO's proposal for restructuring the current unified budget does not include human capital programs in the capital component. As a result, GAO was asked to examine federal human resource programs that might be included in a capital budget. Human capital is not clearly defined in either the public or the private sector. The Office of Management and Budget uses the term "human resources" in the budget to describe federal programs designed to enhance individuals' well-being. GAO identified 154 federal programs warranting consideration as human capital investments, with total outlays of \$534 billion in fiscal year 1988. GAO classified these programs into four categories: (1) education and training (\$25 billion), (2) health (\$131 billion), (3) social assistance (\$69 billion), and (4) retirement and disability (\$309 billion). In the private sector, many economists and researchers agree that some education and training programs are investments in human capital. However, there is no consensus on what other programs should also be classified as human capital.

Business, Industry, and Consumers

Insurance Regulation:

State Regulatory Oversight Increased, but Problems Remain

GAO/GGD-90-82, May 4.

Transit Casualty Company and Mission Insurance Company, the two largest insurance insolvencies in U.S. insurance history, failed partly because of uncollectible reinsurance from their reinsurers. In addition, Mission's inability to meet its obligations as a reinsurer contributed to the insolvency of Integrity Insurance Company, the third largest insolvency. This has prompted concerns about the public effect of insurer insolvency. Will the state regulatory system be able to prevent future failures? GAO reviewed the types and limitations of data available to state regulators in assessing reinsurance activity and potential problems. GAO also looked at the extent of state reinsurance regulation and recent regulatory improvements. GAO believes that the annual financial data reported by property/casualty insurers may have limited the ability of state regulators to assess the effect of reinsurance on the

financial condition of reinsurance participants. While regulatory controls over reinsurance have increased, some controls have not yet been implemented by the National Association of Insurance Commissioners or by the states. In addition, many states have not yet adopted other controls. As a result, GAO believes that Congress should continue its oversight of state efforts.

Civil Rights

Asian Americans: A Status Report

GAO/HRD-90-36FS, Mar. 8.

GAO examined the status of Asians in the United states. This fact sheet provides information on Asian American (1) income, employment, education, health, and nutrition status and (2) enrollment in nine federal welfare programs: Aid to Families With Dependent Children; Supplemental Security Income; Medicaid; Low-Income Housing; Food Stamp; the Special Supplemental Food Program for Women, Infants, and Children; School Lunch; School Breakfast; and Summer Food. GAO found that Asian Americans overall are comparable with the U.S. population overall for per capita income, employment, educational attainment, general health and nutrition status, and participation in U.S. public assistance programs. However, more recent arrivals from Southeast Asia (Cambodia, Laos, and Vietnam) tend to have lower incomes and educational levels, as well as higher poverty, unemployment, and welfare-participation rates.

Economic Development

Testimony

Preliminary Information on the Federal Government's Response to Recent Natural Disasters, by John M. Ols, Jr., Director of Housing and Community Development Issues, before the Subcommittee on Investigations and Oversight, House Committee on Public Works and Transportation. GAO/T-RCED-90-75, May 1.

GAO testified on its ongoing work on the federal government's response to recent natural disasters like Hurricane Hugo and the Loma Prieta

earthquake. GAO believes it is premature to give a final opinion on the federal government's disaster relief efforts. However, as GAO obtained information on the three major phases of emergency management—preparedness, immediate response, and recovery—it did find a common theme: that of coordination difficulties and uncertainty about the roles and responsibilities of federal agencies. GAO also discussed FEMA's overall organization and management, including staffing adequacy, the implications of vacant high-level positions at FEMA, and FEMA evaluations of disaster relief efforts and recommendations for improvement.

Education

Training Strategies: Preparing Noncollege Youth for Employment in the U.S. and Foreign Countries

GAO/HRD-90-88, May 11.

While the United States is renowned for its college and university system, which provides extensive opportunity for higher education, about half of U.S. youth do not go on to college. GAO found that not enough attention is given to preparing U.S. noncollege youth for employment. About 9 million of the nation's 33 million youth aged 16 to 24 will not have the necessary skills to meet employer requirements for entry-level positions. This report describes the efforts of four countries—England, the Federal Republic of Germany, Japan, and Sweden—to develop a well-qualified noncollege youth workforce. While not all of the foreign approaches may be entirely appropriate or readily transferable due to cultural or other differences, GAO believes that federal, state and local governments should consider the following: (1) Strive to ensure that all children attain the academic skills needed to perform effectively in postsecondary education or the workplace. (2) Develop more school-employer linkages, particular to expand combined education and work (apprenticeship-type) programs and to help youth obtain suitable entry-level employment.

Employment

Child Labor: Increases in Detected Child Labor Violations Throughout the United States

GAO/HRD-90-116, Apr. 30.

Since fiscal year 1983, detected child labor violations have increased nationwide. GAO could not determine the causes of the increase, nor could it find any reliable statistics or estimates on the number of work-related injuries and illnesses suffered by minors nationwide or over time. However, about half of the states provided data for workers under age 18 for 1988, and they reported at least 30,000 illnesses and injuries. The Department of Labor investigated at least 29 work-related fatalities of minors in fiscal years 1987 and 1988. Eleven of these cases involved both violations of safety and health standards and likely violations of child labor laws. About five percent of Labor's enforcement resources are devoted to child labor regulations. While the law permits Labor to levy civil monetary penalties of up to \$1,000 per violation, Labor has acknowledged that such penalties have not been enough to deter violators. Labor has announced plans to increase penalties, and GAO believes that doing so may help curtail violations. Additional steps, including legislative action, may be necessary if Labor's changes fail to raise penalties sufficient to deter violators.

Railroad Retirement Board: Internal Controls for Unemployment Program Improving, but Gaps Remain

GAO/HRD-90-42, May 3.

The Railroad Retirement Board is an independent federal government agency that administers retirement-survivor and unemployment-sickness benefits programs for the nation's railroad workers. GAO found that internal controls for the unemployment-sickness program are significant and have detected fraud and payment errors in the past. Same gaps exist, however, in the separation of duties, control over computer documents, verification of physician certificates, wage matches, controls over computer software, computer center security, and security checks of computer personnel. The Board should improve its internal controls in these areas to (1) deter those with knowledge of benefit processing and computer operations from introducing fraudulent transactions, (2) reduce payment error, and (3) reduce administrative costs in correcting fraud and payment error.

Energy

Greenhouse Effect: DOE's Programs and Activities Relevant to the Global Warming Phenomenon

GAO/RCED-90-74BR, Mar. 5.

Concerns about global warming stem from mounting scientific evidence that increasing concentrations of carbon dioxide and other trace gases produced by man are starting to alter the earth's temperature. This briefing report provides information on (1) the scientific understanding of the global warming phenomenon and DOE's research efforts to fill information gaps on the issue, (2) the nature of program planning and criteria used by DOE for evaluating global warming research and development, (3) DOE leadership on the global warming issue and efforts to integrate its various activities into energy policy and planning considerations, and (4) proposed policy and/or program changes made by responsible agencies or groups for improving energy efficiency and/or reducing energy-related emission with potential climate change effects.

Nuclear Health and Safety: Status of GAO's Environmental, Safety, and Health Recommenda- tions to DOE

GAO/RCED-90-125, Apr. 20.

In over 60 reports and testimonies in the 1980s, GAO called attention to the growing problems facing DOE's nuclear weapons complex. This report provides information on the status of GAO's recommendations made to DOE during the 1980s on environmental, safety and health issues relating to its nuclear weapons complex. Out of 54 recommendations, GAO considers 23 to be still open. The open recommendations call for such improvements as tighter program controls and clearer standards and policies related to environmental, safety, and health matters.

Environmental Protection

Air Pollution: EPA Needs More Data From FHWA on Changes to Highway Projects

GAO/RCED-90-72, Mar. 20.

How have EPA and the Department of Transportation been addressing the impact of transportation and highway programs on air pollution? In

particular, concerns have been raised about the impact of such programs in such cities as Denver, Colorado; Phoenix, Arizona; and Los Angeles, California. This report addresses the implementation of the Clean Air Act requirement that federally funded highway projects conform to state implementation plans designed to reduce air pollution. Specifically, GAO examined how conformity was determined and the roles of the Federal Highway Administration and EPA in making this determination.

**Hazardous Waste:
Fort Benjamin Harrison's Compliance With Environmental Laws**

GAO/NSIAD-90-88, Mar. 28.

Like many Army bases, Fort Benjamin Harrison, Indiana, uses some hazardous material during routine operations like maintenance, equipment repair, printing, pesticide applications, and automotive repair. Yet Fort Harrison also lies atop a major aquifer that feeds the water supply of Marion County. Reports by EPA, the Army Environmental Hygiene Agency, and the Indiana Department of Environmental Management cited several instances in which the Army was not in compliance with environmental standards at Fort Harrison. However, on the basis of recent test, inspection data, and discussions with EPA and Indiana Department of Environmental Management officials, GAO believes that Fort Harrison's operations are not significantly affecting the environment. Water samples taken during GAO's review indicated that a landfill operated by Fort Harrison was not harming the aquifer. Future monitoring of groundwater is planned for another landfill. Fort Harrison has replaced coal-fired boilers with gas boilers and has improved its pesticide storage facility to comply with requirements.

**Nonhazardous Waste:
Environmental Safeguards for Industrial Facilities Need to Be Developed**

GAO/RCED-90-92, Apr. 12.

Thousands of industrial facilities across the nation handle "nonhazardous wastes" that, despite the name, are not without risks to human health and the environment. EPA has strong indications that wastes containing dangerous chemicals may be seeping from nonhazardous industrial facilities into the soil and groundwater, causing contamination and threatening human health and the environment. In 1984 Congress

directed EPA to assess and revise its 1979 standards for these facilities to better prevent groundwater contamination. However, GAO found that EPA has not yet done so and has made little progress in gathering the data needed to revise the standards. EPA says it will revise the 1979 standards as soon as it has adequate data. In the meantime, GAO recommends that EPA develop a formal strategy to guide its assessment and revision efforts.

Testimony

Improvements Needed in the Environmental Protection Agency's Testing Program for Radon Measurement Companies, by Richard L. Hembra, Director of Environmental Protection Issues, before the Subcommittee on Natural Resources, Agriculture Research, and Environment, House Committee on Science, Space and Technology. GAO/T-RCED-90-54, May 16; and

Improvements Needed in the Environmental Protection Agency's Testing Program for Radon Measurement Companies, by Richard L. Hembra, Director of Environmental Protection Issues, before the Subcommittee on Superfund, Ocean and Water Protection, Senate Committee on Environment and Public Works. GAO/T-RCED-90-81, May 23.

Radon, a naturally occurring, colorless, odorless gas, has been shown to cause lung cancer. As a result, EPA and the Public Health Service advise homeowners to test their homes and to take action if elevated radon levels are discovered. However, GAO believes that to make health decisions, homeowners need more assurance that the radon test results they obtain are accurate. In GAO's view, greater accuracy in radon measurements would result from (1) mandating company participation in the Radon Measurement Proficiency program and (2) requiring radon measurement firms to meet minimum quality assurance requirements as a condition to participation. In addition, to ensure that state programs provide a minimum degree of control and consistency over radon measurement companies, GAO recommends that EPA issue guidance on the type of state programs and level of control it believes are needed at the state level in order to provide homeowners with adequate assurances that radon measurements are accurate.

Financial Institutions

Testimony

Asset Management: Resolution Trust Corporation Needs to Build a Strong Foundation to Support its Asset Disposition Efforts, by

J. William Gadsby, Director of Federal Management Issues, before the RTC Oversight Task Force, Subcommittee on Financial Institutions Supervision, Regulation and Insurance, House Committee on Banking, Finance and Urban Affairs. GAO/T-GGD-90-38, May 4.

The asset disposition job facing the Resolution Trust Corporation is unprecedented in its magnitude and complexity. GAO believes the following critical elements need to be in place before RTC begins an aggressive asset marketing and sales effort: (1) contractor incentive strategies and performance standards; (2) alternative methods for estimating market value; and (3) management information systems to help monitor compliance with laws, regulations, policies, and procedures. GAO also believes guidance and training is needed for RTC staff who handle the contracting and monitoring functions. GAO supports RTC efforts to develop flexible marketing strategies for asset disposition, but believes these strategies—such as securitization of loans, real estate auctions, and a national marketing program—should be tested and evaluated before they are used nationwide. GAO notes that in the future RTC will also need to focus attention on environmental issues, monitoring contracts, and keeping the strategic plan up-to-date.

Risks and Oversight of Government Sponsored Enterprises, by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the Subcommittee on Oversight, House Committee on Ways and Means. GAO/T-GGD-90-41, May 14; and

Risks and Oversight of Government Sponsored Enterprises, by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the Senate Committee on Banking, Housing and Urban Affairs. GAO/T-GGD-90-42, May 15.

Government sponsored enterprises are very large financial organizations that Congress established to achieve specific public policy ends. Today, GSEs play a critical role in the financing of housing, agricultural, and student loans. GAO testified on the purpose and general activities of GSEs, the risks they bear, and how they are regulated. GAO is unaware of any GSEs that are in imminent danger of failure. Nevertheless, GAO

believes that it is only prudent for the government to protect its interests now rather than to wait for a crisis. Given their links to the government, GSEs experiencing financial problems could pose tough and possibly expensive decisions for Congress, much like those faced during the Farm Credit and thrift crises. GAO believes that a better system of oversight, some reasonable risk-based capital rules, and appropriate enforcement authorities are needed for Fannie Mae, Freddie Mac, and Sallie Mae. GAO plans to make recommendations on such a system in its final 1991 report.

Financial Management

Loan Asset Sales: An Evaluation of FmHA's 1987 Sales

GAO/AFMD-90-42, Apr. 6.

GAO reviewed two pilot loan asset sales completed by the Department of Agriculture's Farmers Home Administration. Public Law 99-509, the Omnibus Reconciliation Act of 1986, directed FmHA to sell enough loans in fiscal year 1987 from its Rural Housing Insurance Fund and its Rural Development Insurance Fund to realize not less than \$2.7 billion in net sale proceeds. To meet these targets, FmHA sold loans with an aggregate unpaid principal balance of more than \$4.9 billion and realized over \$2.8 billion in net sale proceeds. GAO concluded that FmHA conducted its pilot loan asset sales in a professional manner—that is in a manner similar to that of private sector organizations—that sought to maximize the sale proceeds to the government. However, the government did incur about \$91 million in sales transaction costs that it would not have incurred had it held the loans to maturity. GAO found that the rights of the borrowers whose loans were sold were fully protected during the loan sale transactions. GAO is concerned that the sale of federal loans is not a sound approach to reducing the federal deficit. Such sales simply accelerate the government's rights to receive future revenues to the year of sales.

Inspectors General: Staff Resources of VA's Office of Inspector General

GAO/AFMD-90-6, Apr. 13.

The Department of Veterans Affairs Act established the Veterans Administration as a cabinet-level department in March 1989. The act

also authorized 40 more staff members for VA's Office of Inspector General (OIG) to be phased in during fiscal years 1990 and 1991. GAO evaluated the OIG's use of its current staff, its planned use of the 40 additional staff members, and its plans to request further staff increases. The OIG provides widespread coverage of VA's operations through its audits and investigations of the agency's facilities, programs, and functions. GAO believes the 40 additional staff will help OIG provide even more in-depth coverage of VA's operations. However, GAO is concerned that OIG's plans for a future staffing level of 809 are not adequately supported by OIG's workload assessments.

**Credit Management:
Deteriorating Credit Picture Emphasizes Importance of OMB's Nine-Point Program**

GAO/AFMD-90-12, Apr. 16.

Delinquent debts owed to the federal government remain high and the government's risk of loss on receivables and guaranteed loans continues to grow. While loan receivables fell 13 percent between fiscal years 1985 and 1988, delinquencies rose 33 percent—from \$14.6 billion to \$19.5 billion. This report provides information on federal agencies' changes in receivable information between fiscal years 1985 and 1988. The report also describes the results of GAO's review of selected federal agencies' implementation of OMB's nine-point credit management program. GAO found that while the administration and federal agencies are placing increased emphasis on credit management, and progress has been made in implementing the nine-point program, the government's credit picture continues to deteriorate. Agencies could further improve their credit management programs by fully implementing credit management techniques set forth in OMB and Treasury guidance. OMB agreed with this conclusion and concurred with GAO that legislative changes are needed to help ensure a more consistent application of the nine-point program. GAO recommends that Congress (1) amend the Debt Collection Act to require agencies, where consistent with program legislation, to use certain credit management tools that are now optional and (2) require agencies to provide it annually with financial information on their receivables and delinquencies. GAO also makes recommendations to the agencies for improving their credit management programs.

**Cash Management:
Diners Club Business Travel Management Program Needs
Improvement**

GAO/AFMD-90-66, Apr. 30.

The federal government spends billions of dollars each year on employee travel and transportation expenses. To better manage its travel-related and cash management activities, the government entered into a contract with Citibank (South Dakota) N.A. in August 1983 for Diners Club charge cards and centrally billed accounts. At the end of fiscal year 1989, about 520,000 federal employees had Diners Club charge cards, and 79 agencies had centrally billed accounts, resulting in total charges of about \$577 million and \$397 million, respectively. GAO reviewed the Diners Club program at eight federal agencies. These agencies believe that they have generally benefitted from employee use of Diners Club charge cards. For example, use of the charge card has reduced the need for large travel advances at some agencies and has improved the government's cash flow. However, employees have not been surveyed on the charge card program to assess their concerns. In addition, GAO found that employees sometimes use the charge cards for unauthorized purposes and sometimes do not pay their bills on time. Agencies are also having problems reconciling their Diners Club centrally billed accounts for payments, which contributes to increased interest costs. Finally, the automated teller machine pilot program may not be the most cost-effective way of issuing cash travel advances and needs improved controls.

**Forest Service:
The All-Resource System's Cost Features and Areas for Future
Improvements**

GAO/AFMD-90-62, May 1.

During the past two years, GAO has helped the Forest Service with the design and development of a system of reporting costs related to National Forest System programs. This report updates the Forest Service's progress in developing the all-resource cost reporting system, highlights the basic features intended for the system, and discusses areas in which the Forest Service can improve the system design as it continues to be developed.

**Financial Management:
Army Records Contain Millions of Dollars in Negative Unliquidated
Obligations**

GAO/AFMD-90-41, May 2.

This report is a follow-up on GAO's earlier review of negative unliquidated obligations of the Air Force Logistics Command that identified over \$24 million in overpayments to contractors and over \$67 million in processing errors. This report focuses on the number of negative unliquidated obligations on the Army Materiel Command's records and on the adequacy of controls to ensure that they are corrected in a timely manner. Overall, GAO found that as of September 30, 1989, the records of the Army Materiel Command's six major subordinate commands included about 4,500 negative unliquidated balance obligations totaling about \$328 million. Although Army accounting guidance requires immediate corrective action on negative unliquidated balances, two of the commands were not always promptly resolving them. Further, because Army regulations do not require that negative unliquidated balances be separately disclosed in reports to management officials, Army headquarters personnel did not know the magnitude of the negative unliquidated balances. GAO believes that these negative unliquidated balances are a material internal control weakness in the Army's accounting system. However, the weakness has not been reported in the Army's Federal Managers' Financial Integrity Act reports to the Secretary of Defense.

**Financial Audit:
Rural Telephone Bank's 1988 Financial Statements**

GAO/AFMD-90-69, May 23.

This report presents GAO's opinion on the Rural Telephone Bank's financial statements for fiscal year 1988. In GAO's opinion, and consistent with the opinion of KPMG Peat Marwick, the Rural Telephone Bank's financial statements present fairly, in all material respects, its financial position as of September 30, 1988, and the results of its operations, changes in stockholders' equity, and cash flows for the year then ended, in conformity with generally accepted accounting principles. GAO notes that the report by KPMG Peat Marwick on internal accounting controls, with which GAO concurs, disclosed a reportable condition concerning the Rural Telephone Bank's methodology for estimating its provision for

losses on loans. KPMG Peat Marwick also reported a compliance item that GAO highlights.

**Public Debt:
Management Actions Needed to Ensure More Accurate Accounting**

GAO/GGD-90-54, May 31.

The nation's public debt now exceeds \$2.8 trillion and interest on that debt cost taxpayers \$239 billion—about 16 percent of total budget outlays—in fiscal year 1989. The Department of the Treasury's Bureau of the Public Debt (1) borrows and accounts for funds and (2) reports the outstanding public debt and related interest. GAO found that inadequate oversight of operations by Bureau management has resulted in long-standing internal control and accounting system weaknesses. The Bureau's internal control and accounting systems do not conform to Comptroller General standards. The weaknesses have led to billions of dollars of differences in the records that account for the outstanding public debt and related interest. These differences are largely attributable to untimely reconciliations. Bureau management began to develop a replacement accounting system in fiscal year 1986 and plans to implement it in fiscal year 1991. However, in order for the new system to correct existing problems, management will need to monitor operations better to ensure that transactions are recorded accurately and timely, and that errors are corrected promptly.

Testimony

Forest Service's Efforts to Improve Its Financial Management Systems, by Brian P. Crowley, Director of Planning and Reporting, before the Subcommittee on Interior and Related Agencies, House Committee on Appropriations. GAO/T-AFMD-90-19, May 2.

GAO testified on the Forest Service's efforts to improve its financial management systems. GAO found that the Forest Service (1) finished and began testing the preliminary design of a system to report the cost and revenues of its natural resource programs, (2) continued to refine the Timber Sale Program Information Reporting System, and (3) began to take the steps necessary to ensure that its cost information reflects the actual use of financial resources. More work needs to be done in the area of minimum bid analysis to ensure that the government receives the highest value for timber sold. GAO believes that the Forest Service is committed to a stronger financial management environment, and GAO

will continue to monitor its progress in designing and implementing the all-resource reporting system.

Cash Management Improvement Act of 1990 (H.R. 4279), by Jeffrey C. Steinhoff, Director of Financial Management Systems and Audit Oversight, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-AFMD-90-21, May 3.

GAO provided its views on H.R. 4279, the Intergovernmental Cash Management Improvement Act of 1990. This proposed legislation seeks to improve federal cash management and to ensure equity in funding federal programs administered by the states. GAO has long called for strengthened cash management and fully supports the intergovernmental financing concepts in H.R. 4279. GAO believes that this bill is both an opportunity to continue the progress made in managing the federal government's \$2 trillion cash flow and a good example of what can be achieved when state and federal representatives work together to solve a long-term problem.

Government Operations

1990 Census:

Costs Are Uncertain Because Wage Rates May Be Uncompetitive

GAO/GGD-90-78, May 1.

GAO believes that the Bureau of the Census' use of geographic pay rates for temporary positions during the 1990 census is an important advance over earlier pay plans and should help the Bureau compete for needed staff. While the Bureau has identified ways to pay for the additional \$50 million that the geographic wage program will cost, these estimated costs were based on a 70 percent response rate to the census questionnaire. However, because the response rate by the public is substantially lower—63 percent—the Bureau will have to hire more staff to handle the increased workload. This low response rate could increase costs by an additional \$70 million. Moreover, the geographic wage program is vulnerable to further costs increases as census hiring continues. For example, because the Bureau did not have a chance to test its geographic pay rates beforehand, the rates may ultimately prove uncompetitive in some parts of the country.

**Puerto Rico:
Commonwealth Election Law and Its Application to a Political
Status Referendum**

GAO/HRD-90-60, May 2.

In a 1991 voter referendum, the people of Puerto Rico will decide on commonwealth status, statehood, or independence for Puerto Rico. GAO assessed Puerto Rico's electoral law and related matters concerning Puerto Rico's proposed status referendum. While Puerto Rico's election process is basically sound, past elections have been accompanied by allegations of fraud and abuse. Only one case, however, has been substantiated so far. GAO's review did not indicate a need for more intensive federal monitoring beyond those procedures used in past elections by the U.S. Attorney's Office. Nevertheless, GAO concludes that because of the political sensitivity surrounding the referendum, a larger federal monitoring role may be desirable. Proposed legislation before the U.S. Senate would use U.S. Marshals to fulfill this role. Other options, such as the use of delegations of congressional, state, or international officials appointed by the President, the Congress, or both, could also be used to fulfill the same function.

**Government Consultants:
Agencies' Consulting Services Contract Obligations for FY87 and
FY88**

GAO/GGD-90-72FS, May 7.

This fact sheet provides information on the extent to which federal civilian agencies incurred obligations for consulting services contracts for fiscal years 1987 and 1988. GAO found that total obligations for these years were \$4.1 billion and \$4.9 billion respectively. These amounts are listed by agency in appropriation bill format in the fact sheet.

**Federal Pay:
Comparisons With the Private Sector by Job and Locality**

GAO/GGD-90-81FS, May 15.

In looking at how federal recruitment and retention of employees could be improved, one of GAO's research priorities has been federal pay. This fact sheet compares federal and private sector pay by job and geographic areas in order to determine the degree of pay comparability

within specific localities. GAO's pay comparison shows that, in most cases, the private sector paid more than did the federal government for the same jobs within particular metropolitan statistical areas. While most of the occupations in GAO's analysis are classified by the Office of Personnel Management as "clerical" or "technical," two (computer programmer and computer systems analyst) are classified as "administrative" occupations. The degree of federal/private sector pay disparity was even greater in these administrative jobs.

**General Services Administration:
Delegated Buildings Adequately Operated But Better GSA Oversight
Needed**

GAO/GGD-90-76, May 15.

GAO reviewed the General Services Administration's Building Delegation Program. This program represents a fundamental change in GSA's role since it delegates to some tenant agencies day-to-day building operation responsibilities, such as cleaning and repairs. Although evidence suggests that the program works and agency officials believe the quality of building services has improved, GSA cannot determine whether delegated building services are cost-effective. This is because GSA lacks all cost and performance data to oversee the program. Also, GSA's required building costs data for standard-level services are frequently inaccurate or never received. Further, not all GSA regions analyze the building cost data to identify inefficient operations.

**National Coinage Proposals:
Limited Public Demand for New Dollar Coin or Elimination of
Penny**

GAO/GGD-90-88, May 23.

While the United States still relies on the paper dollar, Australia, Canada, Japan, and major Western European countries all now use a coin for comparable retail transactions. The U.S. attempt to put the Susan B. Anthony coin into circulation in 1979 was a failure. GAO estimates that the government could save about \$318 million annually if it replaced the dollar bill with dollar coins that were widely accepted and used. However, GAO is concerned that widespread use is unlikely unless Congress and the Administration jointly reach, and agree to sustain, an agreement to eliminate the dollar note in the face of a negative public reaction. There is no comparable economic argument for eliminating

either the penny or the half-dollar coin. Both are profitable to the government in that their face value exceeds their production and distribution costs. In addition, demand for the penny remains high. European countries that have eliminated their lowest denomination coins all did so because the production costs exceeded their face value. GAO summarized this report in testimony before Congress; see:

Limited Public Demand for New Dollar Coin or Elimination of Penny, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Consumer Affairs and Coinage, House Committee on Banking, Finance, and Urban Affairs. GAO/T-GGD-90-43, May 23.

**D.C. Government:
Information on the Police Recruit Training Program**

GAO/GGD-90-68FS, May 24.

GAO looked at the District of Columbia's police recruit qualifications and training program. This report answers the following questions: (1) Have there been changes in the police academy course of study and academic requirements? (2) How many recruit termination recommendations have been overturned by officials above the Director of Training level? (3) How does the police academy select and train its instructors? (4) How could the Metropolitan Police Department proceed to acquire accreditation? This report also provides information on changes made to and the results of the police entry-level qualifications test administered by McCann Associates, Inc. This test is used by the D.C. Office of Personnel to select potential recruits for the Metropolitan Police Department.

Testimony

How to Enhance Congressional Oversight, by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the Subcommittee on HUD/Mod Rehab Investigations, Senate Committee on Banking. GAO/T-GGD-90-40, May 8.

The federal government now confronts a myriad of crises, the HUD scandal, the savings and loan crisis, and air traffic control modernization among them. Yet all of these problems can be traced in part to a basic failure to effectively manage government programs and to adequately prepare for the future. GAO testified on how congressional oversight of federal agencies and programs can be enhanced. First, it is important for Congress to engage in a continuing dialogue with agency political leadership over the future course of the agency. Second, as

problems with program implementation are identified, Congress must insist that agency officials develop plans and time tables for correcting the problems. Third, Congress needs to make it clear to agency officials that they will be held accountable for taking effective corrective action. GAO also discussed its own continuing efforts to help Congress in its oversight role.

Contracting Out—Federal Employee Bid Protest Rights, by Robert P. Murphy, Senior Associate General Counsel, before the Subcommittee on Readiness, House Committee on Armed Services. GAO/T-OGC-90-4, May 15.

GAO testified on the proposed amendment to H.R. 2461. Under the amendment, federal employees affected by a Department of Defense decision to contract for services would be allowed to file a bid protest with GAO and to file suit in federal court challenging the decision. GAO supports that portion of the amendment that would expand the class of parties who can challenge DOD decisions to contract out, but suggests that Congress provide only one forum to hear challenges to these decisions. GAO also believes that the agency appeals process that would be established by the Commercial Activities Contracting Procedures Act of 1990 is an acceptable alternative and deserves consideration.

Progress of the 1990 Decennial Census: Some Causes for Concern, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Census and Population, House Committee on Post Office and Civil Service. GAO/T-GGD-90-44, May 21.

GAO's testimony focuses on two important census operations. The first is the Bureau's nonresponse follow-up operation, which seeks to obtain questionnaires from households that did not initially respond to the census. The second is the local review program, which gives local governments an opportunity to improve the accuracy and completeness of census counts. GAO specifically discusses the preliminary results of its work on the local review program in New York City. Lower-than-expected mail response rates and the resulting need for more staff, the number of completed cases in the follow-up operations, and missed housing units in New York City are some of the issues GAO touched on in this statement.

H.R. 4716, "Federal Pay Reform Act of 1990," by Richard L. Fogel, Assistant Comptroller General for General Government Programs, before the Subcommittee on Compensation and Employee Benefits,

House Committee on Post Office and Civil Service. GAO/T-GGD-90-45, May 21.

In GAO's opinion, certain elements of H.R. 4716 could lead to meaningful pay reform. First, the proposed legislation advocates locality-based pay schedules for technical and clerical employees and geographic differentials for professional and administrative employees who would continue to be paid on a national schedule. This would replace the current practice of paying the same salary rates nationwide. Second, the legislation adds state and local governments to the surveys of prevailing nonfederal salaries as GAO has long suggested. Third, the bill incorporates a form of performance-based pay adjustments for individual employees. Although GAO supports the overall objectives of pay reform as embodied in H.R. 4716, it remains concerned that unlimited Presidential prerogatives over salary schedule adjustments may not keep federal salary rates at competitive levels.

Conflicting Values for Land Near the Columbia Hospital for Women, by L. Nye Stevens, Director of Government Business Operations Issues, before the Subcommittee on Government Activities and Transportation, House Committee on Government Operations. GAO/T-GGD-90-39, May 23.

GAO testified on H.R. 2031, which would authorize the sale of government-owned land in the District of Columbia to the Columbia Hospital for Women. GAO had arranged for an appraisal of this land that estimated the fair market value at \$20 million on October 31, 1988. The Columbia Hospital for Women also obtained an appraisal. However, it estimated the market value of the land at \$9 million as of February 22, 1989. Unlike the appraisal prepared for the Columbia Hospital for Women, GAO's appraisal followed federal appraisal standards and, consistent with federal policy, determined the fair market value on the basis of the highest and best use standard. GAO concludes that its appraisal accurately estimated the fair market value of the property.

Health

FDA Drug Review: Postapproval Risks 1976-85

GAO/PEMD-90-15, Apr. 26.

Assessing the efficacy and safety of a drug is a lengthy and complex process. But even after approval by the Food and Drug Administration, many additional risks may surface when the public begins to use the

drug. These risks, which can range from headaches and nausea to hospitalization and even death, arise from the fact that preapproval drug testing is inherently limited. In studying the frequency and seriousness of risks identified after approval, GAO found that of the 198 drugs approved by FDA between 1976 and 1985 for which data were available, 102 (or 51.5 percent) had serious postapproval risks. All but six of these drugs were being sold as of September 1989 and are deemed by FDA to have benefits that outweigh their risks. As a result of these adverse reactions, the drugs underwent substantial labeling changes that either limited who could use the drug or added major warnings or precautions. The number of serious postapproval risks is small when compared to the number of adverse reactions that had been identified at the time of approval. However, these findings make it clear that further understanding is needed of the characteristics associated with these additional risks and why they arose.

Drug Testing:

Action by Certain Agencies When Employees Test Positive for Illegal Drugs

GAO/GGD-90-56FS, Apr. 6.

In May 1987, GAO testified on the Office of Personnel Management's guidelines for establishing a drug-free federal workplace. GAO noted that because of the range of penalties that could be imposed under the guidelines, disciplinary actions could vary from agency to agency or even within an agency. For this fact sheet, GAO visited three federal agencies to determine what action employers take when their employees test positive for illegal drugs. The findings confirmed GAO's earlier testimony. Actions taken against employees ranged from firing them after the first positive testing to transferring them—without rehabilitation—to positions in which they were no longer subject to random testing.

AIDS Education:

Public School Programs Require More Student Information and Teacher Training

GAO/HRD-90-103, May 1.

About 20 percent of people with AIDS today are in their twenties. Because the incubation period for the human immunodeficiency virus (HIV) is estimated at almost 10 years, it is likely that many of these people were infected as teenagers. Education programs play a critical

role in stopping the spread of the AIDS virus, especially since there is not yet a vaccine or cure. GAO assessed school HIV education programs and found that the nationwide education efforts of the Centers for Disease Control are not commensurate with the epidemic's potential for disaster. While two-thirds of the nation's public school districts reported providing formalized HIV education for students in the 1988-89 school year, this training was not offered at every grade level, especially the upper grades where the probability of sexual activity is highest. Most CDC-funded education departments do not collect from students the essential planning and monitoring information needed to set program priorities and evaluate success. This is due to a lack of staff and difficulty in gaining community support for collecting sensitive sexual and drug use data. In addition, one out of five HIV teachers received no training, and many of the teachers who did receive training thought it was too brief. CDC provides no guidance on how long teacher training should be.

**AIDS Education:
Programs for Out-of-School Youth Slowly Evolving**

GAO/HRD-90-111, May 1.

Out-of-school youth include runaways, the homeless, and migrants, all of whom are at greater risk for AIDS because they are more likely to engage in high-risk behaviors, such as prostitution and drug use. Yet GAO found that the Centers for Disease Control has done little to provide HIV education to these adolescents. This is because (1) CDC's Center for Chronic Disease Prevention and Health Promotion has tended to target the larger, in-school population; (2) state and local agencies tend to lack experience with out-of-school youth and the organizations that serve them; and (3) few guidelines or specifically targeted educational materials are available. To overcome these barriers, the Center for Chronic Disease Prevention and Health Promotion plans to fund local health departments or community organizations to provide services—including HIV education—to out-of-school youth. However, this approach is already being carried out within CDC. In view of this potential for duplication, CDC should reassess its current strategy and consider merging the activities of the Center for Chronic Disease Prevention and Health Prevention aimed at out-of-school youth into the Center for Prevention Services. GAO summarized this report, along with GAO/HRD-90-103 (May 1, 1990), in testimony before Congress; see:

AIDS Education: Gaps in Coverage Still Exist, by Mark V. Nadel, Associate Director for National and Public Health Issues, before the Senate Committee on Governmental Affairs. GAO/T-HRD-90-26, May 3.

**Food Irradiation:
Federal Requirements and Monitoring**

GAO/HRD-90-118, May 3.

Irradiation is used to sterilize and preserve foods. This report provides information on the following: (1) federal activities that are responsible for monitoring food irradiation activities, including inspecting firms that irradiate food; (2) food products approved for irradiation; (3) companies that are licensed and operating food irradiation facilities in the United States; and (4) state actions to restrict food irradiation. In summary, GAO found that neither the Food and Drug Administration nor the U.S. Department of Agriculture, which have primary responsibility for regulating food irradiation, have reliable information on what food products are irradiated or who is irradiating the food. In addition, neither FDA nor USDA has a specific program to inspect food irradiation facilities. Despite FDA's belief that irradiated foods pose a low health risk, several states have responded to consumer concerns by enacting or proposing legislation restricting food irradiation.

**Medicaid:
Sources of Information on Mental Health Services**

GAO/HRD-90-100, May 7.

The availability of mental health services under Medicaid has been a concern to many health experts. This report identifies sources of information on the types of mental health services offered under each state's Medicaid program. GAO found that several federal agencies publish data about (1) Medicaid and mental health expenditures and (2) numbers of recipients of services for each state. However, these agencies publish little information about the specific mental health services available to Medicaid recipients in each state. Academic, professional, and advocacy groups publish more detailed information about the mental health services available to Medicaid recipients. The reports by these organizations include information on expenditures, eligibility criteria, services covered, and limitations on the availability of those services.

**Medicare:
Employer Insurance Primary Payer for 11 Percent of Disabled
Beneficiaries**

GAO/HRD-90-79, May 10.

The Omnibus Budget Reconciliation Act of 1986 made Medicare the secondary payer for medical expenses of certain disabled beneficiaries covered by large group health plans. The act also required that GAO determine the number of beneficiaries for whom Medicare became the secondary payer because of their own or a family member's employment. Overall, GAO estimates that Medicare became the secondary payer for 340,000 disabled beneficiaries during 1988, or about 11 percent of the 3.1 million disabled Medicare beneficiaries.

**Medical Licensing by Endorsement:
Requirements Differ for Graduates of Foreign and U.S. Medical
Schools**

GAO/HRD-90-120, May 17.

A physician who holds a medical license and applies for a license to practice in another state is seeking what is known as endorsement licensure. Many graduates of foreign medical schools, however, believe that when they apply for endorsement licensure they are subject to dissimilar and unfair requirements compared with those for graduates of U.S. medical schools. GAO reviewed data on each state's requirements; visited six states—California, Florida, New York, Ohio, Texas, and Virginia—to obtain more information; and then convened a roundtable discussion involving representatives from the six state licensing boards, medical associations closely associated with license issuing, and organizations representing foreign medical school graduates. Most states do have different endorsement requirements for graduates of foreign medical schools, requiring foreign medical school graduates to pass a different licensure examination and to complete more years of residency training than their U.S. counterparts. In addition, foreign medical school graduates seeking endorsement sometimes have a more difficult time obtaining education-related documents from their medical schools. Roundtable participants disagreed on the merits of the different experience and education documentation requirements for foreign medical school graduates. However, they believe that a clearinghouse would be helpful in maintaining and verifying documents related to licensure

applicants' educational background and credentials. They also support development of a single examination for all licensure applicants.

Health Insurance:

Cost Increases Lead to Coverage Limitations and Cost Shifting

GAO/HRD-90-68, May 22.

Spiraling health care costs, growing competition from foreign firms, and basic changes in the health care marketplace have caused U.S. firms to reconsider the health care benefits they provide to their employees. For most full-time employees of larger companies, health benefits are still widely available. Nevertheless, even health benefits provided by some large firms are starting to erode. Companies are reassessing who and what are covered and how services are provided or insured. To reduce costs, firms have been limiting the number of people covered by their plans, hiring temporary or part-time workers who receive no health benefits, and limiting or eliminating retiree and dependent coverage. In addition, companies have been asking employees to pay a larger share of health care costs; introducing managed care or utilization review programs to reduce utilization of health care services; and, in the case of large firms, self-insuring. Self-insurance has frustrated state efforts to expand health care benefits through mandatory coverage requirements since employers that self-insure are exempt from these measures. Problems are more serious for small firms. Because of the relatively high costs for small firms, less than half of companies with 10 or fewer employees offer their workers health insurance. At the same time, insurance companies commonly deny health coverage to many of these employees because of preexisting health conditions.

Health Insurance:

A Profile of the Uninsured in Michigan and the United States

GAO/HRD-90-97, May 31.

In 1987 more than 35 million Americans lacked health insurance. More than 860,000 of these people lived in Michigan. While this is below the peak level of more than 1 million uninsured in 1984, the uninsured population in Michigan remains a serious public health issue. GAO found that the uninsured in Michigan are much like uninsured people elsewhere: often young, poor, minority, and unmarried. While more than 30 percent of the uninsured in Michigan hold full-time or year-round jobs, a higher-percentage (about 40 percent) are part-time or part-year workers. Also,

the uninsured rate for workers in the service industries was 10 percent in 1987. GAO notes that as part-time and service sector employment grows and becomes a more important component of a diversified Michigan economy, solutions to the problem of the working uninsured become more important.

Testimony

Medicare: GAO Views on Medicare Payments to Health Maintenance Organizations, by Janet L. Shikles, Director of Health Financing and Policy Issues, before the Subcommittee on Health, House Committee on Ways and Means. GAO/T-HRD-90-27, May 8.

When it enacted Medicare's current HMO risk-contract payment system, Congress intended both to offer an HMO option to a wider set of Medicare beneficiaries and to save Medicare program funds. The fixed payment amount for Medicare HMO enrollees was intended to be, on average, five percent less than the expected Medicare cost if the enrollees had remained in the fee-for-service sector. GAO is concerned that increasing the payment rate from 95 to 100 percent of the adjusted average per capita cost would eliminate any potential for savings. There was also concern in Congress that inaccuracies in the adjusted average per capita cost could lead to excessive payments to HMOs. In GAO's view, this concern seems well founded in light of recent studies that concluded that Medicare beneficiaries enrolled in HMOs are healthier and tend to use fewer health care services—and are thus on average less costly to treat—than non-HMO beneficiaries. The studies also found that the methodology used to calculate the adjusted average per capita cost does not accurately reflect these cost differences. Therefore, rather than paying less, Medicare may have paid HMOs more than if the same enrollees had remained in the fee-for-service sector. In addition, GAO found serious problems in the way the Health Care Financing Administration had implemented the payment safeguard mechanism—the adjusted community rate—intended to ensure that HMOs do not receive windfall profits from inaccuracies in the adjusted average per capita cost process.

Medicare: Durable Medical Equipment Fee Schedules Have Widely Varying Rates, by Janet Shikles, Director of Health Financing and Policy Issues, before the Subcommittee on Health, House Committee on Ways and Means. GAO/T-HRD-90-32, May 22.

GAO analyzed the Medicare fee schedules for durable medical equipment and found extremely wide variations in the amounts paid for the same or similar items across the states. For about 95 percent of the items GAO

reviewed, the highest fee schedule amount was at least twice as much as the lowest, and for over 40 percent of the items, the highest amount was at least six times as much as the lowest. These wide differences are not explained by cost differences among areas. They are also not reasonable. GAO's analysis identified another problem. For one category of durable medical equipment, Medicare can pay more per month in rent under the fee schedules than it would have under the old reasonable charge system because of the way the fee schedule was computed. GAO also testified on legislation proposed by the Administration that would address the problems GAO found and several other issues about durable medical equipment payments that it believes need to be addressed.

Housing

Partnership Projects: A Framework for Evaluating Public-Private Housing and Development Efforts

GAO/PEMD-90-9, May 22.

Although public-private partnerships appear to be a popular way of addressing local housing and community development needs, claims of their success have been based largely on anecdotal evidence. As a result, GAO developed a framework for evaluating the success of public-private partnerships in housing and community development. This framework relies on three sets of criteria: the needs that a partnership addresses, the process by which the partnership operates, and the outcomes of the projects. This report discusses how to apply these criteria to individual local projects, how to evaluate federal support for such projects, and the applicability of the framework.

Income Security

Testimony

Social Security: Comments on S. 2453—The Social Security Restoration Act of 1990, by Joseph F. Delfico, Director of Income Security Issues, before the Subcommittee on Social Security and Family Policy, Senate Committee on Finance. GAO/T-HRD-90-29, May 11.

GAO has testified on most of the bill's provisions in the past. This testimony focuses on provisions dealing with the following: the hearings and appeals process, establishing a minimum staffing level at the Social

Security Administration, and changes to telephone access at SSA. GAO believes that the current appeals process takes too long. While S. 2453 would shorten the process, GAO is concerned about the costs and services involved. Before proceeding, GAO believes that the process should be tested in several locations to determine potential costs. GAO supports reassessing staff levels to determine if reallocations due to staff imbalances can solve staff needs. Finally, GAO is concerned that the bill's proposal to list local SSA office phone numbers in the telephone book might undermine the new 800 system.

Social Security: Service to the Public—Accuracy of the 800 Phone Service, by Joseph F. Delfico, Director of Income Security Issues, before the Senate Special Committee on Aging. GAO/T-HRD-90-30, May 18.

Each year more than 60 million people call SSA's 800 number for a variety of reasons. GAO testified on SSA's methodology for evaluating the accuracy of information being provided to the public over the 800 line. GAO also discussed SSA's progress in stopping the withholding of Medicare catastrophic coverage premiums.

Information Management

Air Force ADP Procurement: Contracting and Market Share Information

GAO/IMTEC-90-35FS, Apr. 9.

As part of its ongoing review of compatible computer procurements by federal agencies, GAO specifically looked at the extent to which Air Force procurements of mainframe computers and mainframe peripheral equipment required compatibility with IBM or any other computer manufacturer. In this fact sheet, GAO examines equipment acquisitions to identify the manufacturers involved and the procurement methods used to obtain equipment.

NASA ADP Procurement: Contracting and Market Share Information

GAO/IMTEC-90-39FS, Apr. 20.

As part of its ongoing review of compatible computer procurements by federal agencies, GAO specifically looked at the extent to which NASA

procurements of mainframe computers and mainframe peripheral equipment required compatibility with IBM or any other computer manufacturer. In this fact sheet, GAO examines equipment acquisitions to identify the manufacturers involved and the procurement methods used to obtain equipment.

**Futures Markets:
Information on Six Foreign Automated Trading Systems**

GAO/IMTEC-90-43FS, Apr. 27.

Exchanges worldwide use various automated systems to trade futures contracts and options on futures contracts. In a September 1989 report, GAO examined automation for futures trading in six exchanges—two in Japan and one each in Australia, England, New Zealand, and Switzerland. This report provides additional background information on each system and discusses when the exchanges began automated futures trading, their current or planned operating hours, the types and volumes of contracts traded, and the exchanges' automated trading processes.

**Administrative Systems:
NASA Should Reassess Its AIM Program and Rescind Its IBM-Compatible Policy**

GAO/IMTEC-90-41, May 1.

GAO reviewed automated data processing procurement practices at the National Aeronautics and Space Administration. This report addresses NASA's justification for (1) implementing the \$165.5 million Automated Information Management program and (2) its May 29, 1984, policy requiring that equipment compatible with IBM equipment be used for all of its administrative ADP systems.

**Computer Systems:
Further Development of Navy's Source Data System Needs to Be Reassessed**

GAO/IMTEC-90-25, May 8.

GAO reviewed the Navy's development and management of the Source Data System project, which was initiated 12 years ago to automate military pay and personnel data reported by Navy field activities. The life cycle cost of the project was initially estimated at \$1 billion. GAO found

that the project has fallen far short of original expectations. At the end of fiscal year 1989, the Navy had spent about \$174 million and still had not completed the project. While the project was to have been completed in 1982, only about 64 percent of active duty personnel had been converted to the Source Data System as of February 28, 1990. The Navy now estimates it will cost an additional \$33 million to complete the system Navy-wide by 1994. At those locations where the Source Data System is in place, reporting of personnel and pay data is considerably more accurate and timely. However, the Source Data System does not meet all performance goals where deployed, nor will it achieve all the expected performance goals when fully deployed Navy-wide. In addition, the program has been characterized by unclear lines of authority and responsibility for developing the Source Data System, failure to coordinate among Navy commands, delays, and false starts. GAO believes that this program has wandered and needs to be reevaluated.

**Computer Security:
Governmentwide Planning Process Had Limited Impact**

GAO/IMTEC-90-48, May 10.

The government faces new levels of risk in information security because of increased use of networks and computer literacy and because of greater dependency on information technology overall. As a result, effective computer security systems are more critical than ever. This is the fifth in a series of GAO reports on implementation of the Computer Security Act of 1987. The act requires federal agencies to identify systems that contain sensitive information and to develop plans to safeguard them. GAO assessed the (1) planning process in 10 civilian agencies as well as the extent to which they implemented planned controls described in 22 selected plans and (2) National Institute of Standards and Technology/National Security Agency review of the plans. GAO found that the 22 plans created under the planning process were viewed primarily as reporting requirements, and although the process may have elevated management awareness of computer security, so far it has done little to strengthen agency computer security programs. Although assistance from agencies like the National Institute of Standards and the National Security Agency can provide an impetus for change, GAO believes that it is ultimately up to the agencies themselves to adequately safeguard the information they use and maintain.

**Connecticut's Eligibility Program:
Improving System Availability**

GAO/IMTEC-90-55, May 11.

GAO reviewed the state of Connecticut's progress in installing a new \$27-million Eligibility Management System. This system lets state employees, using computer terminals, access Connecticut's mainframe computer to process welfare applications and maintain welfare client information. GAO found that while Connecticut did experience some unexpected software problems during the installation of the system, state officials have identified the problems and have taken prompt action to ensure that funds are not fully spent until the system is working. In addition, upon acceptance of the system from the contractor, Connecticut will request a federal certification review.

**Public Access:
Two Case Studies of Federal Electronic Dissemination**

GAO/IMTEC-90-44BR, May 14.

GAO surveyed the effectiveness of electronic information dissemination policies and practices of selected programs at the Environmental Protection Agency and the Department of Agriculture. GAO's objective was to determine whether these policies and practices were ensuring the broadest dissemination of disclosable government information. GAO found no evidence that USDA's policies and practices impeded public access to its Computerized Information Delivery Service. GAO's conclusion on EPA's Toxic Release Inventory awaits completion of a more thorough review now in progress. In general, the limited number of users GAO contacted during its survey had few problems with USDA's dissemination policies and practices, although a few experienced problems with data timeliness or inadequate indexing. Several users of EPA's Toxic Release Inventory data base found on-line access through the National Library of Medicine's Toxicology Data Network to be cumbersome and time consuming.

Testimony

Forest Service Not Ready to Acquire a Nationwide Geographic Information System, by JayEtta Z. Hecker, Director of Resources, Community, and Economic Development Information Systems Issues, before the Subcommittee on Interior and Related Agencies, House Committee on Appropriations. GAO T-IMTEC-90-10, May 2.

To better manage data on the nearly 200 million acres of national forests and grasslands under its control, the Forest Service plans to acquire a computer-based geographic information system. The system is intended to handle information on land ownership, vegetation types, soil types, water location, land elevation, and other geographical characteristics. GAO reviewed this planned acquisition in order to identify any unresolved issues that could adversely affect it. The finished system will link 880 Forest Service offices and is projected to cost \$1.2 billion over a 12-year period. While the system holds the promise of significantly helping the Forest Service manage and preserve natural resources, GAO testified that the agency is not yet ready to begin procuring a nationwide system. The Forest Service has not analyzed a full range of alternatives; has relied on what GAO believes are invalid representations of future benefits; and has not adequately defined its information and system performance needs, thereby failing to comply with regulations governing functional requirements analyses. As a result, GAO testified, there is an increased and unnecessary risk that the proposed geographic information system will not be effective and cost-beneficial.

International Affairs

Peace Corps: Meeting the Challenges of the 1990s

GAO/NSIAD-90-122, May 18.

Despite its historic successes, the Peace Corps faces many challenges as it approaches the 1990s. In trying to reach its objective of 10,000 volunteers, the Peace Corps needs to use new ways to attract and retain volunteers with critical skills. The agency has been unable to fully meet countries' requests for volunteers with special skills in fields like agriculture, education, industrial arts, and home economics. The agency has also had difficulty attracting minorities, which has resulted in a Peace Corps that does not reflect the true ethnic diversity of the American people. The Peace Corps also needs to strengthen its programming of assignments for volunteers. In seven countries GAO visited, some volunteers had little to do while others were not receiving needed support from host-government agencies. This is one reason that one of every three volunteers leaves the Peace Corps before the end of his or her two-year assignment. Finally, the Peace Corps has given low priority to teaching Americans about foreign cultures. GAO summarized this report in testimony before Congress; see:

Peace Corps: Meeting the Challenges of the 1990s, by Milton J. Socolar, Special Assistant to the Comptroller General, before the Subcommittee on Legislation and National Security, House Committee on Government Operations. GAO/T-NSIAD-90-39, May 22.

**Foreign Investment:
Analyzing National Security Concerns**

GAO/NSIAD-90-94, Mar. 29.

This is one in a series of GAO reports on the effects of foreign direct investment in the United States. Specifically, this report looks at the possibility that key segments of defense-related industries could come under foreign control. GAO examined (1) the definition of industry sectors and technologies that are national security related, (2) the government's system for learning of foreign investments before they take place, (3) the difficulties the government encounters in analyzing specific investments, and (4) the broader questions not addressed in the present system of analyzing foreign investments. GAO found that it is hard to know how much of the defense industrial base has been acquired by foreign owned firms since there is no information base or government agency systematically tracking foreign acquisitions of components suppliers.

**Economic Sanctions:
Effect of Selected Measures on South Africa and Namibia**

GAO/NSIAD-90-106, Apr. 11.

In an attempt to force South Africa to change its policy of apartheid, the United States imposed economic sanctions on trade with South Africa and with its former colony, Namibia, in 1986. GAO examined the feasibility of imposing sanctions on South African diamonds and found that a ban would have little effect since diamonds account for only about two percent of South Africa's exports. Diamond sales to the United States represent an even smaller percentage. In addition, sanctions would be hard to enforce because it is hard to determine the country of origin of individual diamonds. GAO found that sanctions against Namibia had little economic effect because the United States had a low volume of trade with that country prior to the implementation of sanctions. South African ports serve Namibia and several other neighboring countries. Because sanctions against Namibia were dropped when that country became independent, South Africa could relabel its exports and imports

to indicate they originated in—or were destined for—Namibia to evade sanctions. However, South Africa could just as easily use the names of several other neighboring countries.

**Refugee Program:
The Orderly Departure Program From Vietnam**

GAO/NSIAD-90-137, Apr. 11.

GAO evaluated the Immigration and Naturalization Service's practices and procedures for adjudicating the cases of Vietnamese refugee applicants. GAO found that approval rates for Vietnamese refugee applicants dropped from about 100 percent during October 1988 through January 1989 to an average of about 36 percent during the next six months beginning in February 1989. This was because INS no longer gave Vietnamese applicants an automatic presumption of refugee status simply because they were living in Vietnam. Although this resulted in fewer applicants being granted refugee status, it did not decrease the number of applicants being offered entry into the United States. Most of those denied refugee status were offered entry into this country as Public Interest Parolees. GAO also found that the INS refugee adjudication process in Vietnam was generally thorough and consistent, and done by experienced and well-trained examiners. In addition, GAO looked at INS efforts to interview individuals of special interest to the United States. These Vietnamese, who may be eligible for refugee status, often had a close association with the United States and had been detained in Vietnamese re-education camps. GAO found that since October 1989, INS examiners have been able to interview over 4,800 Vietnamese of special interest to the United States.

**U.S. & Foreign Commercial Service:
Management and Program Reviews Are of Questionable Value**

GAO/NSIAD-90-82, Apr. 20.

GAO analyzed the program evaluation function of the U.S. & Foreign Commercial Service, the export promotion arm of the Department of Commerce's International Trade Administration. Reports issued by the program are known as Management and Program Reviews. In this report, GAO (1) documents the number and cost of these reviews and the inspections done by the Department of Commerce Inspector General since 1984, (2) determines whether the reviews were done in accordance with generally accepted government auditing standards, (3) assesses the

overall quality of these reviews, and (4) determines whether they should be continued, given the Inspector General's increased resources and statutory authority for reviewing U.S. & Foreign Commercial Service operations.

**Foreign Assistance:
Circumstance Surrounding a Family Planning Project**

GAO/NSIAD-90-89, Apr. 26.

GAO examined an award made in fiscal year 1984 by the Agency for International Development to the Family of the Americas Foundation. The Foundation used the funds to produce and distribute a film on the Billings Ovulation Method—a natural family planning method—and other educational materials. The Foundation also developed and conducted a U.S.-based training course for Latin Americans who wished to become ovulation method teacher trainers. AID funded this project on a noncompetitive basis despite recommendations to the contrary by AID reviewers. AID guidelines allow for the award of noncompetitive agreements under certain conditions, and GAO found that AID met those conditions in making the award to the Foundation. While an end-of-year project assessment by an external evaluation team was done as required, it was delayed several times and was not begun until mid-1989—about one year after the project was completed. AID initially postponed the evaluation because the agreement had been extended to allow the Foundation to complete the project and to conduct more training. The evaluation team found that the Foundation generally conducted the training and produced and distributed the required materials, but reported several deficiencies. For example, it questioned the cultural appropriateness and practicality of the Foundation's materials and how the materials were distributed. In addition, the team concluded that the Foundation had been uncooperative with AID in all substantive aspects of the project. The team recommended that in the future AID fund only those organizations that are able and willing to cooperate with AID and that subscribe to AID's population policy. The Foundation argues that the evaluation was unfair and biased. Since December 1985, the Foundation has proposed 10 projects relating to the Billings Ovulation Method. However, the Foundation has not yet received any additional AID funding.

**Foreign Assistance:
AID's Population Program**

GAO/NSIAD-90-112, May 1.

Developing countries face burgeoning population growth that threatens to set back economic growth and development. Over the past 25 years, the Agency for International Development has provided about \$3.5 billion in assistance for population and family planning. Until the 1980s, AID's policies paralleled the view of Congress that U.S. population assistance should (1) be directed toward reducing population growth rates and (2) motivate people to have smaller families. In the 1980s, AID no longer actively promoted smaller families and lower growth rates. Instead, AID's policy called for a linkage between population growth and economic development. Even so, in countries not actively committed to managing population growth, AID no longer takes the initiative in urging that population and economic growth rates be brought into balance. GAO found that AID now lacks programs or projects that would explore why couples want large families or that would motivate people to want smaller families. In addition, program management is decentralized. AID said that its efforts have resulted in improved safety, effectiveness, and acceptability of contraceptive methods, and that over 200 million people are now using family planning services. AID also said that it has taken the lead in the development of innovative service delivery through operations research and private sector approaches. GAO recommends that AID develop a management information system to obtain comprehensive financial and management information on all its population projects and activities. AID also needs to do an overall program impact evaluation, along with country-specific impact evaluations in countries with large programs.

**Soviet Refugees:
Processing and Admittance to the United States**

GAO/NSIAD-90-158, May 9.

The number of Soviets applying for refugee resettlement in the United States has burgeoned in recent years. State Department officials estimate that preliminary questionnaires representing about 800,000 Soviets will be received in fiscal year 1990. The Lautenberg Amendment requires the establishment of refugee processing categories for Jews, Evangelical Christians, Ukrainian Catholics, and Ukrainian Orthodox

Church members in fiscal year 1990. In addition, members of these categories are to be given an enhanced opportunity to qualify for refugee status when being interviewed. The Immigration and Naturalization Service and the Department of State are now implementing the Lautenberg Amendment. In this report, GAO determines (1) the adequacy and timeliness of the adjudication process, (2) the adequacy of staffing for processing refugee applicants, and (3) whether Soviet refugee processing in Rome was being effectively phased out. GAO also compares the cost of refugee processing in both Moscow and Rome.

**Trade and Health Issues:
Dichotomy Between U.S. Tobacco Export Policy and Antismoking Initiatives**

GAO/NSIAD-90-190, May 15.

Faced with declining cigarette demand in the United States, the U.S. tobacco industry has turned to markets in the Far East to replace lost domestic sales. In many Asian countries, however, high tariffs, discriminatory taxes, and marketing and distribution restrictions have tended to keep out U.S. cigarette exports. As a result, U.S. tobacco companies enlisted the aid of the U.S. Trade Representative to successfully remove the trade barriers to American cigarette exports. These efforts have been controversial because of the health risks associated with smoking. GAO believes that, in some ways, a policy conflict exists between U.S. trade goals and U.S. policy objectives. On the one hand, federal money is being used to promote the export of U.S. cigarettes, while on the other hand, the federal government has undertaken a major domestic anti-smoking effort and is a participant in the international anti-smoking movement. This report discusses several alternatives Congress may wish to consider in deciding how to balance these health and trade concerns. GAO summarized this report in testimony before Congress; see:

Dichotomy Between U.S. Tobacco Export Policy and Antismoking Initiatives, by Allan I. Mendelowitz, Director of Trade, Energy, and Finance Issues, before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce. GAO/T-NSIAD-90-42, May 17.

**European Community:
U.S. Financial Services' Competitiveness Under the Single Market
Program**

GAO/NSIAD-90-99, May 21.

The European Community of 12 nations plans to create a single European market by 1992. This presents opportunities for U.S. firms to expand their considerable business in the European Community, especially since U.S. firms now face relatively few Community-imposed restrictions. This report examines the extent to which U.S. financial firms participate in European Community markets, the potential opportunities and challenges presented by changes in the Community, and the efforts of U.S. government agencies to ensure full and fair access to European markets. GAO believes that the Community's endorsement of the universal banking model for its more open financial markets gives greater urgency to the ongoing congressional debate over how broad U.S. bank powers should be. GAO summarized this report in testimony before Congress; see:

European Community: U.S. Financial Services' Competitiveness Under the Single Market Program, by Allan I. Mendelowitz, Director of Trade, Energy, and Finance Issues, before the Subcommittee on Commerce, Consumer, and Monetary Affairs, House Committee on Government Operations. GAO/T-NSIAD-90-45, May 23.

**Foreign Aid:
Efforts to Improve the Judicial System in El Salvador**

GAO/NSIAD-90-81, May 29.

GAO examined efforts by the United States and El Salvador to improve the Salvadoran judicial system. GAO found that progress has been made in improving the administrative functions of the courts, enhancing the technical capabilities to investigate crimes, updating legal codes, and improving the overall professionalism of the system. However, GAO believes that building and sustaining confidence in the Salvadoran judicial system will not be fully successful until those who commit politically motivated murders face a very high risk of being apprehended and prosecuted. GAO concludes that the El Salvadoran judicial system still does not routinely deliver fair and impartial justice to citizens of that country. The U.S.-sponsored administration of justice program, called the Judicial Reform Project, cannot solve all of the problems with El

Salvador's judicial system—that will require a long-term commitment by the Salvadoran government along with outside financial, technical, and diplomatic support. Continued fighting in El Salvador, economic conditions, and a highly polarized society suggest that it may take years before the system is fully functioning and efficient. Nevertheless, the program has had a positive impact, and GAO believes that if the program were discontinued, the small gains made would likely be reversed.

Testimony

Executive Branch Identification of Discrimination in Foreign Government Procurement, by Allan I. Mendelowitz, Director of Trade, Energy, and Finance Issues, before the Subcommittee on Legislation and National Security, House Committee on Government Operations.
GAO/T-NSIAD-90-35, May 1.

GAO testified on efforts by the executive branch to identify foreign discrimination in procurement under the Buy American Act of 1988. The U.S. trade representative is responsible for preparing an annual report listing countries that discriminate against U.S. companies in their government procurement practices. GAO believes that future efforts by the U.S. Trade Representative should be more focused to make better use of available resources and expertise. GAO also recommends that the U.S. Trade Representative narrow the scope of future investigations to exclude those countries that the United States cannot realistically sanction because we buy very little from them.

Justice and Law Enforcement

Justice Department: Coordination Between DEA and the FBI

GAO/GGD-90-59, Mar. 21.

GAO reviewed the relationship between the Drug Enforcement Administration and the Federal Bureau of Investigation. GAO found that the two agencies carry out their drug enforcement responsibilities independent of each other. While the agencies undertook several joint initiatives to enhance coordination, these met with varying degrees of success. Agency officials acknowledge that day-to-day informal coordination has been more successful than some of their formal arrangements. A 1982 Attorney General order directing a coordinated effort between the two agencies required the head of DEA to report to the Attorney General

through the Director of the FBI. This aspect of the order was never carried out, and the Attorney General is considering rescinding it. He prefers that both agency heads continue reporting directly to him. In December 1989, the Attorney General took another step to ensure coordination by filling the Deputy Attorney General position and assigning the new Deputy responsibility for overseeing operational matters and resolving disputes between the two agencies. Since 1981 the Attorney General has at least twice considered merging DEA and FBI drug enforcement activities and has not ruled out such a move in the future.

Testimony

Death Penalty Sentencing: Research Indicates Pattern of Racial Disparities, by Lowell Dodge, Director of Administration of Justice Issues, before the Subcommittee on Civil and Constitutional Rights, House Committee on the Judiciary. GAO/T-GGD-90-37, May 3.

GAO testified on its study of capital sentencing procedures. GAO evaluated existing research to see whether the race of either the victim or the defendant influences the likelihood that defendants will be sentenced to death. The results show that the race of the victim is highly influential: the death penalty was more likely to be sought and imposed for an offender if the victim was white. The influence of an offender's race is not as clear.

National Defense, Security, and Military Procurement

Close Air Support: Airborne Controllers in High-Threat Areas May Not Be Needed

GAO/NSIAD-90-116, Apr. 4.

Close air support to friendly forces requires accurate and timely targeting information from forward air controllers to be effective and minimize the possibility of attacking friendly forces. GAO looked at the present and future need for airborne controllers, the effect of increasing air defense threats on the Air Force's ability to perform the airborne controller role, and the force structure and cost implications of reassigning A-10 aircraft from an attack role to a controller role. GAO recommends that the Air Force expedite the operational testing of a new system to improve direct communications from ground control elements to attack aircraft and use the results to reassess the need for airborne controllers in high-threat areas. GAO also recommends that the Air Force make the reassessment before more funds are spent to renovate OV-10 and reassign A-10 aircraft.

**Defense Production Act:
Offsets in Military Exports and Proposed Amendments to the Act**

GAO/NSIAD-90-164, Apr. 19.

GAO reviewed the Administration's 1988 report to Congress entitled Offsets in Military Exports. This report addresses the interagency process used to prepare the Administration's report, the extent of factual analysis, the use of economic models to measure the impact of offsets, and differing agency views on assessing the impact of offsets. GAO also reviewed proposed Senate legislation entitled the Defense Production Act Amendments of 1989. This report (1) contains GAO's comments on provisions that relate to including differing agency views in the offset reports and (2) provides information that might indicate the degree of burden on industry in responding to the bill's proposed reporting requirements on agreements involving offsets exceeding \$5 million.

**Military Health Care:
Recovery of Medical Costs From Liable Third Parties Can Be Improved**

GAO/NSIAD-90-49, Apr. 19.

DOD is entitled to recover the cost of medical care provided or paid for by the military services from liable third parties in accident, negligence, and wrongful act cases. GAO believes that third party liability cost recovery could be doubled. In fiscal year 1987, this would have resulted in recoveries totaling about \$50 million. Recoveries could be increased through (1) better identification and reporting of potential cases by medical facilities, (2) improvements in service legal office effectiveness, and (3) better internal controls over third party liability cases.

**Due Process:
Procedures for Unfavorable Suitability and Security Clearance Actions**

GAO/NSIAD-90-97FS, Apr. 23.

People who have been denied a security clearance or who have been deemed unsuitable for federal employment have certain appeal procedures available to them. Administrative due process procedures generally give such individuals the right to receive notice of any proposed unfavorable determination, the opportunity to respond to the proposed

action, and the right to appeal any final decision. This fact sheet presents the results of GAO's review of applicable statutes, executive orders, and regulations at six agencies: the Departments of Commerce, Defense, Energy, Justice, State, and Treasury.

**Chemical Protective Suits:
No Basis to Question Procuring Agency's Acquisition Strategy**

GAO/NSIAD-90-162, May 1.

GAO looked at why the Defense Personnel Support Center, a support activity of the Defense Logistics Agency, excluded Winfield Manufacturing Company, Inc., from a planned procurement of about 1.3 million chemical protective suits. These suits are intended to be used by combat personnel to protect them against battlefield concentrations of chemical agents. GAO found no basis on which to question the center's acquisition strategy. The center excluded Winfield, as well other current suit manufacturers, from this planned procurement because it believed that the production base for the suits needed to be expanded. In view of the changing threat and constrained funding, the Defense Logistics Agency has put the planned procurement on hold until the commands that need the suit revalidate their requirements.

**Army Procurement:
Status of Commercial Activities Study at White Sands Missile Range**

GAO/NSIAD-90-165, May 3.

OMB's Circular A-76 requires agencies to study their existing commercial activities to see if it is more economical to do these activities in-house or under contract with commercial sources. The commercial activities study at White Sands Missile Range has been going on for six years and has been in a test mode for the past two years. Regardless of the decision to keep the functions in-house or to contract them out, White Sands officials do not believe that they can accomplish the body of work that needs to be done with the expected funding level. Additionally, it does not appear that White Sands will be able to decide on whether or not to contract out the functions by August 1990, as directed by the fiscal year 1990 Appropriations Conference Committee.

**Space Launch:
Cost Increases and Schedule Delays in the Air Force's Titan IV
Program**

GAO/NSIAD-90-113, May 3.

The Titan IV launch vehicle will launch some of the nation's highest priority space systems, including a ballistic missile attack early warning system, a military communications satellite system, and various classified systems. The scope and cost of the Titan IV program have changed dramatically over the past five years. This report examines the program's evolution, cost and schedule estimates, and contract status.

**Missile Procurement:
Further Production of AMRAAM Should Not Be Approved Until Questions Are Resolved**

GAO/NSIAD-90-146, May 4.

GAO reviewed the status of the Advanced Medium Range Air-to-Air Missile (AMRAAM), focusing on the missile's demonstrated operational performance, the contractors' readiness to produce quality missiles at the required rates, and the latest program cost estimates. GAO concludes that additional AMRAAM production should be halted until significant questions about AMRAAM's performance, reliability, producibility, and affordability are resolved. Among other problems, the contractors were at least six months behind in missile deliveries and the total estimated procurement cost had risen substantially, exceeding the adjusted statutory cost cap. GAO suggests that Congress deny the \$1.34 billion requested for AMRAAM procurement in fiscal year 1991.

**Strategic Defense Initiative Program:
Basis for Reductions in Estimated Cost of Phase I**

GAO/NSIAD-90-173, May 9.

In June 1987, the Strategic Defense Initiative Organization estimated that the Phase I Strategic Defense System would cost between \$75.6 billion and \$145.7 billion. In October 1988, this estimate was reduced to \$69.1 billion. GAO reviewed the reasons for the cost reduction and in May 1990 issued a classified report on its findings. This is an unclassified summary of that report. GAO found that the organization, in preparing its October 1988 estimate, made some errors that understated the cost

by \$2.1 billion. The organization may also have used overly optimistic assumptions in preparing the Space-Based Interceptor estimate, which was understated by at least \$5 billion. The \$19.3 billion reduction in estimated phase I costs for the four elements—the Space Based Interceptor; Ground-Based Surveillance and Tracking System; Battle Management and Command, Control and Communications; and launch systems—resulted primarily from (1) changing quantities; (2) changing technical characteristics; (3) changing cost estimating models; and (4) reducing support costs such as training, spare parts, and launch systems.

**Military Capability:
An Assessment of Changes of Measures Between Fiscal Years 1980
and 1989**

GAO/NSIAD-90-143, May 10.

Between fiscal years 1980 and 1989, DOD was given about \$2.4 trillion, making it the largest increase in peacetime defense spending. GAO reviewed the changes in the status of military force capabilities during this period. GAO found that DOD selectively expanded force structure, bought large numbers of modern weapon systems and equipment, improved force readiness, and to a lesser extent improved sustainability. DOD's key gains have been in improving force readiness and in fielding new and more capable weapon systems. However, GAO also found that most types of weapon systems and equipment inventories did not increase significantly. Further, certain readiness indicators raise concerns, such as the percentage of Army Reserve units that are inadequately resourced and trained to carry out their wartime mission. GAO also expressed concerns about the increased depot maintenance financial backlog, significant shortages in all services for certain key sustainability items, and the lack of adequate airlift to meet major contingencies.

**Defense Acquisition:
Perspectives on Key Elements for Effective Management**

GAO/NSIAD-90-90, May 14.

DOD's acquisition problems have been known for some time. Cost growth, schedule slippages, and performance shortfalls have been recurring problems since the 1960s. This report discusses DOD's acquisition process and the key elements GAO believes necessary to effective management of

the process. These elements relate to leadership, work force, organization, information, and affordability. A major factor is ensuring compliance with internal controls.

Weapons Testing:

DOD Needs to Plan and Conduct More Timely Operational Tests and Evaluation

GAO/NSIAD-90-107, May 17.

Congress continues to be concerned that weapon systems have begun production without operational test and evaluation. Operational test and evaluation is a key internal control that is designed to avoid costly and ineffective procurements by providing decisionmakers with information on a weapon system's performance early on. However, GAO's review of six current systems plus other recent work shows that DOD has made little progress in ensuring that earlier operational test and evaluation is planned and carried out. The military generally does not and has no plans to do operational testing and evaluation on weapon systems until after start-up. GAO identified three major barriers to operational testing and evaluation before production start-up: (1) lack of prototypes for testing early, (2) starting production before development is completed (concurrency), and (3) the need to start production to obtain operational test and evaluation test articles. In GAO's view, however, these barriers should not preclude earlier operational test and evaluation and can be overcome with better planning.

Navy Supply:

Procurement Leadtime Forecasting Needs Improvement

GAO/NSIAD-90-78, May 18.

For fiscal years 1986 to 1990, the amount of consumable aviation parts that the Navy estimated was needed while awaiting additional deliveries ranged from \$2.1 to \$2.9 billion a year. GAO reviewed the Navy's process for determining procurement leadtime requirements and found that the Navy could improve its forecasting of these requirements. Administrative leadtime requirements were not always based on actual experience. GAO found that at one point, the Navy's Aviation Supply Office had arbitrarily increased the administrative leadtimes for all items by nine months. In calculating production leadtime requirements, the Supply Office did not consider some actual experienced leadtimes even when

these leadtimes were more realistic. The Supply Office also did not routinely obtain contractor estimates of leadtime or compare them with actual performance.

**Bradley Vehicle:
Status of the Army's Survivability Enhancement Program**

GAO/NSIAD-90-172, May 21.

GAO looked at the current status of the Army's modification program for the Bradley Fighting Vehicle. As a result of live-fire testing done between 1985 and 1987, the Army is incorporating several survivability enhancements into a new Bradley high-survivability configuration referred to as the "A-2 model." This report describes the enhancements along with the resulting production costs.

**Lapsed Accounts:
Army, Navy, and Air Force "M" and Merged Surplus Authority
Account Balances**

GAO/NSIAD-90-170, May 22.

This report provides information on DOD's "M" and merged surplus authority balances. Congress established the "M" and merged surplus authority accounts in 1956 to streamline the way agencies pay obligations resulting from prior year activities. In GAO's opinion, Congress did not expect these accounts to accumulate large balances. However, GAO found that the accounts have grown considerably since their creation. At the end of fiscal year 1989, the Army's, the Navy's, and the Air Force's "M" and merged surplus authority account balances totaled about \$18 billion and \$25 billion respectively. As a result of congressional interest in the Air Force's use of expired and lapsed authority, Congress recently placed limitations on the services' ability to restore these funds. This report discusses recent legislation pertaining to the use of lapsed authority.

**Security Assistance:
Reporting of Program Content Changes**

GAO/NSIAD-90-115, May 22.

GAO reviewed the Defense Security Assistance Agency's implementation of and compliance with the congressional notification criteria for program content changes established in the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1988. The act states that the President cannot commit Foreign Military Sales funds for the purchase of major defense equipment that has not been previously justified to Congress, or that is 20 percent in excess of the quantities justified to Congress, unless the Committees on Appropriations are notified 15 days in advance of such commitment. GAO also reviewed implementation of a March 1989 agreement between Congress and the Defense Security Assistance Agency to report items identified as sensitive or comparable to major defense equipment. Overall, GAO found that the Defense Security Assistance Agency has complied with the program content notification requirements as defined by law. While a lack of specific definition of the terms "major defense equipment-comparable" and "sensitive" items has created difficulties for the agency in implementing the March 1988 agreement, GAO did not find nonreporting of many major defense equipment purchases. While the Israeli program is administered differently, GAO's review of its commercial purchases did not identify any significant lack of reporting.

**Defense Procurement:
Solicitation for Contract Support Services Limited Competition**

GAO/NSIAD-90-150, May 22.

GAO reviewed the TERRIER Guided Missile Launching System field engineering services contract that the Naval Regional Contracting Center Detachment in Long Beach, California, awarded to the Naval Systems Division of the FMC Corporation in June 1989. GAO found that the Navy's initial solicitation for this procurement restricted full and open competition, even after the Detachment amended it. The Navy eventually achieved competition for a substantial portion of the work, but only because of a potential competitor's protest. Competition advocates are responsible for challenging overly restrictive requirements in solicitations. However, Detachment procedures did not require a competition advocate review of this solicitation or its amendment. GAO believes that

such a review could have resulted in competition being achieved before the protest.

**Military Preparedness:
Army's Civilian Marksmanship Program Is of Limited Value**

GAO/NSIAD-90-171, May 23.

The Civilian Marksmanship Program was conceived in the early 1900s, a period in U.S. history when civilian training in marksmanship was viewed as essential to military preparedness. The program's mission and purpose were to train U.S. civilians in rifle skills that would be useful during later military service. About \$4.3 million was spent on the program in fiscal year 1989, and the proposed budget for the Civilian Marksmanship Program for fiscal years 1990 through 1994 is about \$5 million a year. GAO believes that today the program is of limited value because its objectives and goals are not linked to Army mobilization and training plans, Army requirements do not exist for the program-trained personnel or instructors, and program-trained personnel are not tracked and may not be available when needed.

Testimony

Circumstances Surrounding the ASPJ Limited Production Decision, by Louis J. Rodrigues, Director of Command, Control, Communications, and Intelligence Issues, before the Subcommittee on Federal Services, Senate Committee on Governmental Affairs. GAO/T-NSIAD-90-40, May 11.

GAO testified on the Airborne Self-Protection Jammer program, which involves development of a common defensive electronic countermeasure system for tactical aircraft. GAO believes that as a common-service system, the ASPJ has the potential to yield significant benefits. These benefits include elimination of duplicative research and development costs; savings in production resulting from larger quantity buys; and reduced logistics costs stemming from common spare parts, maintenance equipment, and training. GAO continues to believe that the Air Force and the Navy should acquire a common jammer to meet requirements. Should the Air Force decide to develop and procure its own internal jammer, GAO is concerned that unnecessary proliferation and duplicative development costs will result. In GAO's view, some of the briefings given to DOD boards and committees on the results of ASPJ operational testing were overly optimistic. Regardless, decisionmakers did approve low rate initial production knowing that the ASPJ had not satisfactorily met exit

criteria. The DOD Inspector General recommended stretching out deliveries and eliminating follow-on limited production decisions. GAO agrees with this recommendation since it would allow time for adequate operational testing, thereby reducing program risks.

GAO Comments on the Defense Management Improvement Act, by Paul F. Math, Director of Research, Development, and Procurement Issues, before the Subcommittee on Defense Industry and Technology, Senate Committee on Armed Services. GAO/T-NSIAD-90-41, May 14.

For over 20 years, problems have plagued DOD's acquisition of weapons systems and other goods and services. Unfortunately, these problems—cost growth, schedule delays, and performance shortfalls—still exist. GAO testified on DOD's legislative proposal entitled the Defense Management Improvement Act. This proposal, the product of a legislative task force established by the Secretary of Defense, is intended to improve defense management, particularly defense acquisition management. GAO's statement primarily focuses on Title II of the Act, which contains several provisions meant to improve defense acquisition. GAO also discusses the elements it believes are essential for an effective acquisition process.

Weapon Systems: Concurrency in the Acquisition Process, by Frank C. Conahan, Assistant Comptroller General for National Security and International Affairs Programs, before the Senate Committee on Armed Services. GAO/T-NSIAD-90-43, May 17.

Concurrency is the overlap between the development and production phases of an acquisition program. For a given weapon system, this means that some parts are being developed while others are being produced. GAO's work in the concurrency area shows that rushing into production before critical tests are successfully completed has resulted in the purchase of expensive weapon systems that do not work. GAO doubts that DOD can afford to continue to operate this way. Fortunately, the changing national security environment means that DOD doesn't have to. GAO testified that the most crucial problem and greatest risk is in the development of software, which will determine the pace of development and ultimately the production of weapons like ships and planes.

Navy Ships: Status of SSN-21 and DDG-51 Programs, by Martin M. Ferber, Director of Navy Issues, before the Subcommittee on Projection Forces and Regional Defense, Senate Committee on Armed Services. GAO/T-NSIAD-90-44, May 22.

In its testimony on the status of the Navy's Seawolf attack submarine (SSN-21), its combat system (AN/BSY-2), and the Arleigh Burke class destroyers (DDG-51), GAO expressed concern that both of these highly concurrent programs involve the development of major subsystems while the ships are under construction. GAO believes that DOD can no longer afford to concurrently develop and procure these high cost systems without knowing early on whether the desired capability can be demonstrated. GAO also believes that recent changes in the national security environment mean that DOD can wait until it knows whether systems work before it buys them. One of the justifications for concurrency, if not the main justification, has been the urgent need to field a system to respond to the threat that several analysts now see as lessening. At the same time, the affordability of the SSN-21 and the DDG-51 will likely require the Navy to make important trade-offs.

Battleships: Issues Arising From the Explosion Aboard the U.S.S. Iowa, by Frank C. Conahan, Assistant Comptroller General for National Security and International Affairs Programs, before the Senate Committee on Armed Services. GAO/T-NSIAD-90-46, May 25.

GAO testified on the results of its examination of the April 19, 1989, explosion that killed 47 sailors aboard the U.S.S. Iowa. GAO engaged the Department of Energy's Sandia National Laboratories to do a technical analysis and to review the Navy's technical investigation. Sandia's analysis could not corroborate the Navy's finding that an improvised chemical device caused the explosion. In fact, Sandia found that the impact sensitivity of the gunpowder in combination with an overram at higher than normal speeds could have been the cause. However, Sandia believes that further testing is needed to confirm its finding. The Executive Summary of Sandia's report is included as an appendix to GAO's statement. GAO also testified on (1) safety aboard battleships, (2) manning and training issues raised by the Iowa's commanding officer after the explosion, and (3) the battleships' employment plans and mission.

Natural Resources

Timber Sales Program: Issues Surrounding the Timber Sales Cost Reporting System

GAO/AFMD-90-48BR, Feb. 28.

GAO believes the Forest Service's Timber Sale Program Information Reporting System was implemented as intended; however, Forest Service tests of the system in fiscal years 1987 and 1988 indicate that

changes are needed. Among the changes the Forest Service is considering are (1) separately disclosing the costs of road construction and (2) modifying the method for computing the cost of growing timber. After comparing the costs reported in the system to costs reported in the Forest Service's general accounting system, GAO believes that the system is reporting all significant direct timber costs. GAO also believes the system information is becoming increasingly useful to the Forest Service and Congress as a way of monitoring the financial condition of the timber sales program and the effect of timber harvesting on other national forest resource programs.

**Federal Land Management:
The Extent of Oil and Gas Activities on BLM and Forest Service
Lands**

GAO/RCED-90-123FS, Apr. 11.

GAO looked at the extent of oil and gas leasing and development on Bureau of Land Management and Forest Service lands. Overall, GAO found that although some portion of most BLM and Forest Service Lands have been leased, less than half of the leases have been drilled. This fact sheet presents summary statistics on oil and gas activity for 141 BLM resource areas and 156 national forests. It also provides detailed information on the extent of oil and gas leasing and drilling for each BLM resource area and BLM lands in Alaska and 31 eastern states, as well as each national forest.

**Water Resources:
Compensation to Water Users Did Not Reflect the Value of Rights
and Interests**

GAO/RCED-90-116, Apr. 18.

The Strawberry Water Users Association was under contract with the Bureau of Reclamation—part of the Department of the Interior—to run the Strawberry Valley Project in Utah. This irrigation project consists of over 56,000 acres of land, including a reservoir that is being enlarged. Although the United States owned the project land, the association had the right to revenues from activities on the land, such as grazing, recreation, and timber and mineral development. Due to enlargement of the project, in 1986 the Bureau transferred management of part of the project lands to the Forest Service and compensated the association for future revenue losses. The association was compensated again in 1988

when Congress, because of dissatisfaction with the condition of the project land under the association's land management practices, transferred the administrative jurisdiction of all but 95 acres from the association to the Forest Service. GAO concluded that because all existing contracts were completed when the association's compensation was awarded in 1986, the association's rights and interests had no remaining value. As a result, there was no legal obligation to compensate the association prior to Congress' action in 1988. In the future, the federal government may again want to buy out the rights and interests of organizations managing Bureau projects. GAO recommends that the Bureau establish a policy to guide the compensation of such organizations. GAO is also concerned that the Bureau's hands-off policy regarding the association's management practices allowed the Strawberry Valley Project land to deteriorate. GAO believes the Bureau's recent policy requiring the development of resource management plans for all Bureau projects is a step in the right direction.

**Federal Timber Sales:
Process for Appraising Timber Offered for Sale Needs to Be
Improved**

GAO/RCED-90-135, May 2.

The Forest Service and the Bureau of Land Management annually sell billions of board feet of lumber from the nation's forests. In fiscal year 1988, receipts from these timber sales totaled more than \$1.4 billion. Two appraisal methods are now being used in government timber sales. The transaction evidence method sets an appraisal price on the basis of an average for comparable timber sales, while the residual value method establishes an appraisal price that would enable a purchaser of average efficiency to harvest and process the timber at a "reasonable profit." GAO examined whether these appraisal methods (1) ensure that the government receives fair market value for the timber and (2) result in minimum selling prices that adequately protect the government's interest and enhance revenues. GAO recommends that the Forest Service provide better guidance and oversight to improve its timber appraisal process, including discontinuing use of the residual value appraisal method. The Forest Service should also ensure that the government's costs be considered before a sale is advertised and that the reasons for selling below cost be documented by the appropriate official.

Testimony

Administration of the Federal Ban on Exports of Unprocessed Federal Timber, by William E. Gahr, Associate Director for Food and Agriculture Issues, before the Subcommittee on Forests, Family Farms, and Energy, House Committee on Agriculture. GAO/T-RCED-90-77, May 8.

If Congress wants to effectively limit the export of federal timber, GAO believes that several steps need to be taken. It is clear that the implementing regulations of the Forest Service and the Bureau of Land Management are inconsistent and need to be made uniform. The Bureau's regulations allow companies to increase their levels of purchases and exports of timber over time, without limit, whereas the Forest Service limits the levels to the 1971-1973 period. In addition, penalties for non-compliance should be stiffened to encourage compliance. Furthermore, both agencies' monitoring mechanisms need to be strengthened and improved.

Federal Fire Management: Evaluation of Changes Made After Yellowstone, by James Duffus III, Director of Natural Resources Management Issues, before the Subcommittee on Environment, Energy, and Natural Resources, House Committee on Government Operations. GAO/T-RCED-90-84, May 24.

GAO testified on its ongoing work on the federal government's fire program for the nation's parks and wilderness areas. In particular, GAO focused on changes made to the government's fire program as a result of the 1988 fires in Yellowstone National Park. GAO presented its observations in a video especially prepared for the hearing. A transcript of the video is attached to the testimony. While GAO believes that the fire program has been reaffirmed as a valuable tool in the management of the nation's parks and wilderness areas, the program is an inherently high-risk activity that will require better coordination, adequate funding and resources, and changes in attitudes if it is to realize its full potential.

Science, Space, and Technology

Testimony

Implementation of the Technology Transfer Act: A Preliminary Assessment, by Carl E. Wisler, Director of Planning and Reporting, before the

Subcommittee on Science, Research, and Technology, House Committee on Science, Space, and Technology. GAO/T-PEMD-90-4, May 3.

The process by which scientific research and development is transformed into commercially viable products and services has come to be known as "technology transfer." Congress has long recognized that one way to improve technology transfer is to draw upon the basic scientific research and development strengths of federally supported U.S. laboratories. GAO's testimony includes (1) a brief history of federal technology transfer and congressional interest in this issue, (2) background information on federal agency and laboratory implementation of the legislation, (3) examples of the types of analyses that are possible with the data collected using this system, and (4) concluding observations.

Tax Policy and Administration

Tax Administration: Erroneous Penalties for Failure to File Returns or Pay Taxes Can Be Reduced

GAO/GGD-90-80, Apr. 13.

IRS errors in making penalty assessment and abatement decisions can increase taxpayer frustration and create more administrative burden for IRS. This is of particular concern given growing taxpayer dissatisfaction and limited IRS resources. This report, one in a series of GAO reports on IRS administration of civil tax penalties, discusses the following: (1) whether IRS assessment and abatement decisions for the failure to file a timely tax return and failure to pay penalties were appropriate and sufficiently documented and (2) the accuracy of IRS penalty statistics. GAO also makes recommendations on how the administration of these penalties can be improved.

Tax Policy: 1987 Company Effective Tax Rates Higher Than in Prior Years

GAO/GGD-90-69, May 10.

In some years, several of the nation's largest corporations paid no taxes and a number of other companies paid far less than the statutory rate. GAO reviewed the overall domestic and worldwide tax burden of large corporations and found that the tax rates were higher in 1987 than in 1986 and in previous years studied by the Joint Committee on Taxation. These results appear consistent with changes introduced in the Tax

Reform Act of 1986 that eliminated many tax benefits. For this report, GAO (1) computed effective tax rates for a sample of large corporations and (2) analyzed the reasons for particularly high and low effective tax rates. GAO believes a comprehensive evaluation of the Tax Reform Act should be done on the basis of more than one year of data because effective tax rates for particular companies can fluctuate widely from year to year. Other types of evaluation should also be considered, such as those that examine how taxes change when additional income is earned or when new investments are made by the company.

Transportation

Railroad Safety:

More FRA Oversight Needed to Ensure Rail Safety in Region 2

GAO/RCED-90-140, Apr. 27.

Railroads and rail shippers that transport hazardous materials must follow safety regulations. However, GAO found that the inspection program in the Federal Railroad Administration's Region 2—which covers the states of Delaware, Maryland, Ohio, Pennsylvania, Virginia, and West Virginia—may not be ensuring that railroads and shippers are meeting these safety requirements. GAO believes that the lack of written inspection goals and complete and up-to-date inspection point lists, along with possibly inadequate inspector resources, hamper the effectiveness of the Region 2 inspection program. In this report, GAO also looks at (1) FRA's assessments of railroad safety operations (system assessments) to determine whether they identified more safety defects than did routine inspections, (2) FRA regulation of train speeds, (3) how safe it is to route trains carrying hazardous materials through Pittsburgh, (4) enforcement actions taken by FRA against railroads as a result of hazardous materials train accidents in Pennsylvania, and (5) the accuracy of railroad reports of evacuations as a result of these train accidents.

Railroad Regulation:

Economic and Financial Impacts of the Staggers Rail Act of 1980

GAO/RCED-90-80, May 16.

Congress passed the Staggers Rail Act of 1980 to improve the financial health of the nation's railroads. While reducing regulation of the railroad industry, the act continued regulation in areas bereft of competition. Overall, GAO found that the Staggers Rail Act has achieved its main

goals of (1) improving the financial health of Class I railroads—the nation's largest—and (2) rehabilitating U.S. rail facilities. In addition, the shipping industry has gained from lower rail rates and improved service. However, not all shippers have benefitted because rates have not changed to the same degree for all commodities. Moreover, some shippers have complained about the Interstate Commerce Commission's relief procedures and have questioned whether the Commission has adequately protected their interests. In response to these concerns, the Commission has adopted new policies and procedures since 1985. Despite the improvement of Class I railroads' financial health since 1980, the industry is still not in robust health, and railroads continue to lag behind other transportation modes in profitability.

Testimony

Operations of and Outlook for the Highway Trust Fund, by John W. Hill, Jr., Associate Director for Transportation Issues, before the Subcommittee on Investigations and Oversight, House Committee on Public Works and Transportation. GAO/T-RCED-90-78, May 8; and

Operations of and Outlook for the Highway Trust Fund, by John W. Hill, Jr., Associate Director for Transportation Issues, before the Subcommittee on Water Resources, Transportation, and Infrastructure, Senate Committee on Environment and Public Works. GAO/T-RCED-90-79, May 9.

GAO's testimony focuses on the operations of the Highway Trust Fund, including yearly revenue and expenditure streams; reasons for buildups in the fund's balance; and GAO's observations on the process for drawing down the balances. Unfortunately, the federal budget deficit has changed the role of the trust funds. Today, trust fund balances are not being spent for their intended purpose but instead are being used to mask the deficit. As a result, any accelerated drawdown of the Highway Trust Fund balances can be accomplished only by increasing the deficit or at the expense of other federal programs.

Observations on H.R. 3774, "The Aging Aircraft Safety Act of 1989," by Kenneth M. Mead, Director of Transportation Issues, before the Subcommittee on Aviation, House Committee on Public Works and Transportation. GAO/T-RCED-90-82, May 23.

H.R. 3774 is intended to reduce the safety risk of older aircraft and thus raise the public's confidence in the safety of the U.S. transport fleet. The bill would require all planes, within a year of reaching a specific age based on usage or the passage of time, to be removed from service so

that they can receive a safety inspection. GAO agrees that if older aircraft are to remain in commercial service, a hard look must be taken at the planes' maintenance record and structural integrity. FAA, however, will not be able to do this alone; it will need the resources and support of the manufacturers and major air carriers. GAO believes that focusing first on the oldest or most used aircraft in an orderly, scheduled fashion would minimize disruption of the air travel industry. At the same time, this would help reduce the risk of an air tragedy due to structural fatigue or corrosion.

Veterans' Affairs

VA Health Care: Medical Centers Need to Improve Collection of Veterans' Copayments

GAO/HRD-90-77, Mar. 28.

The Department of Veterans Affairs is required to collect a fee, known as a copayment, from some veterans who receive health care at VA facilities. Unless they have a service-connected disability or there are special circumstances, veterans who have assets or income above a specified level must make the copayments. GAO assessed whether VA's process for billing and collecting copayments is cost effective. Collections at VA's 159 medical centers exceeded costs, yielding a return of \$1.36 for each \$1 dollar spent during fiscal year 1988. The centers' return for inpatient care was significantly higher than for outpatient care—\$1.74 compared to \$1.08. The five medical centers GAO visited collected only about half of the copayments that veterans owed. This was mainly because the centers failed to bill these veterans. Some veterans, however, did not pay when billed. These bills were usually sent several weeks to months after care was provided, contributing to the centers' collection problems. GAO believes that VA centers need to improve their billing and collection practices in order to increase copayment collections and reduce collection costs. For instance, VA could follow the example of many private hospitals and collect from or make payment arrangements with patients before they leave the center.

**VA Health Care:
Better Procedures Needed to Maximize Collections From Health Insurers**

GAO/HRD-90-64, Apr. 6.

Each year VA spends about \$10 billion on health care for veterans. Since 1986 VA has been able to collect from health insurers the cost of care provided to insured veterans. GAO found that collections so far have greatly exceeded costs. In fiscal year 1988, for example, VA spent about \$8 million to collect about \$100 million from health insurers. Yet GAO estimates that VA only collected about one-third of the total amount it could have collected. GAO believes that VA centers could increase collections significantly if they (1) employed more effective methods to identify insured veterans and bill insurers and (2) committed more resources to collection efforts. Centers are reluctant to make such a commitment for two reasons. First, all amounts collected must, by law, be returned to the U.S. Treasury. Second, the additional collection costs that centers incur are paid for out of their existing medical care budgets.

**Veterans' Compensation:
Medical Reports Adequate for Initial Disability Ratings but Need to Be More Timely**

GAO/HRD-90-115, May 30.

GAO's review of veterans' initial claims for disability compensation showed that (1) VA regional offices requested medical examinations for the appropriate medical impairment and (2) the medical reports addressed all claims for compensation made by veterans. The medical reports contained diagnoses that were adequately supported by clinical tests and procedures and physical examinations done by VA physicians. With few exceptions, these reports provided enough medical evidence to allow VA medical and nonmedical rating board specialists to judge the extent of a veteran's disability and assign disability ratings for compensation. On the other hand, medical reports often do not meet VA timeliness standards.

Testimony

Veterans' Benefits: VA needs Death Information From Social Security to Avoid Erroneous Payments, by Gregory J. McDonald, Associate Director for Income Security Issues, before the Senate Committee on Veterans' Affairs. GAO/T-HRD-90-28, May 18.

VA provides about \$15 billion in disability compensation and pension benefits each year. When a beneficiary dies, payments should cease. However, GAO found that in April 1989 VA made payments to over 1,200 veterans who, according to Social Security Administration records, were dead. About 100 of these veterans had been dead for 10 years or more. The Social Security Administration receives death information from many sources, including employers and funeral homes. It also buys death certificate information from the states. While federal agencies like VA are authorized to obtain and use this information to ensure that payment records are correct, VA currently does not do so on a routine basis. GAO testified that SSA and VA should establish a system to routinely share this information. GAO also indicated its support for S. 1110, proposed legislation that would give VA the authority require social security numbers for its compensation or protected pension programs.

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☐ Federal Agricultural Mortgage Corporation: Secondary Market Development and Risk Implications
GAO/RCED-90-118, May 4.

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☐ Analysis of Crop Insurance Proposals H.R. 4360 and H.R. 4592
GAO/T-RCED-90-76, May 1.

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☐ Budget Issues: Human Resource Programs Warranting Consideration as Human Capital
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☐ Insurance Regulation: State Regulatory Oversight Increased, but Problems Remain
GAO/GGD-90-82, May 4.

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☐ Asian Americans: A Status Report
GAO/HRD-90-36FS, Mar. 8.

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☐ Preliminary Information on the Federal Government's Response to Recent Natural Disasters
GAO/T-RCED-90-75, May 1.

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☐ Training Strategies: Preparing Noncollege Youth for Employment in the U.S. And Foreign Countries
GAO/HRD-90-88, May 11.

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☐ Railroad Retirement Board: Internal Controls for Unemployment Program Improving, but Gaps Remain
GAO/HRD-90-42, May 3.

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☐ Nuclear Health and Safety: Status of GAO's Environmental, Safety, and Health Recommendations to DOE
GAO/RCED-90-125, Apr. 20.

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☐ Hazardous Waste: Fort Benjamin Harrison's Compliance With Environmental Laws
GAO/NSIAD-90-88, Mar. 28.

☐ Nonhazardous Waste: Environmental Safeguards for Industrial Facilities Need to Be Developed
GAO/RCED-90-92, Apr. 12.

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☐ Improvements Needed in the Environmental Protection Agency's Testing Programs for Radon Measurement Companies
GAO/T-RCED-90-54, May 16; and GAO/T-RCED-90-81, May 23

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GAO/T-GGD-90-38, May 4.

☐ Risks and Oversight of Government Sponsored Enterprises
GAO/T-GGD-90-41, May 14; and GAO/T-GGD-90-42, May 15.

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☐ Inspectors General: Staff Resources of VA's Office of Inspector General
GAO/AFMD-90-6, Apr. 13.

☐ Credit Management: Deteriorating Credit Picture Emphasizes Importance of OMB's Nine-Point Program
GAO/AFMD-90-12, Apr. 16.

☐ Cash Management: Diners Club Business Travel Management Program Needs Improvement
GAO/AFMD-90-66, Apr. 30.

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GAO/AFMD-90-62, May 1.

☐ Financial Management: Army Records Contain Millions of Dollars in Negative Unliquidated Obligations
GAO/AFMD-90-41, May 2.

☐ Financial Audit: Rural Telephone Bank's 1988 Financial Statements
GAO/AFMD-90-69, May 23.

☐ Public Debt: Management Actions Needed to Ensure More Accurate Accounting
GAO/GGD-90-54, May 31.

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